

Butler County United Way

Financial Statements
June 30, 2012 and 2011
with Independent Auditors' Report



CLARK SCHAEFER HACKETT
STRENGTH IN NUMBERS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees Butler County United Way

We have audited the accompanying statements of financial position of Butler County United Way (a nonprofit organization) as of June 30, 2012 and 2011 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 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 Butler County United Way as of June 30, 2012 and 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.

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Butler County United Way
 Statements of Financial Position
 June 30, 2012 and 2011

Assets

	<u>2012</u>	<u>2011</u>
Current assets:		
Cash and cash equivalents	\$ 323,007	489,851
Pledges receivable, net	933,718	968,074
Investments	423,831	423,311
Prepaid expenses	<u>1,811</u>	<u>14,485</u>
	<u>1,682,367</u>	<u>1,895,721</u>
Building and equipment:		
Property and equipment	465,665	465,665
Less accumulated depreciation	<u>(454,559)</u>	<u>(442,320)</u>
	<u>11,106</u>	<u>23,345</u>
Noncurrent assets:		
Beneficial interest	66,004	67,008
Custodial cash	40,242	39,762
Board designated cash	<u>316,254</u>	<u>317,439</u>
	<u>422,500</u>	<u>424,209</u>
	\$ <u>2,115,973</u>	<u>2,343,275</u>

See accompanying notes to the financial statements.

Butler County United Way
Statements of Financial Position
June 30, 2012 and 2011

Liabilities and Net Assets

	<u>2012</u>	<u>2011</u>
Current liabilities:		
Accounts payable	\$ 4,930	20,414
Payroll withholdings	2,759	3,647
Accrued employee compensation	15,550	12,780
Allocations and designations payable	1,151,965	1,308,068
Deferred income	<u>13,642</u>	<u>8,803</u>
	<u>1,188,846</u>	<u>1,353,712</u>
Noncurrent liabilities:		
Custodial cash liabilities	<u>40,241</u>	<u>39,764</u>
	<u>1,229,087</u>	<u>1,393,476</u>
Net assets:		
Board designated	316,254	317,439
Unrestricted	<u>517,254</u>	<u>569,213</u>
Total unrestricted	833,508	886,652
Temporarily restricted	<u>53,378</u>	<u>63,147</u>
	<u>886,886</u>	<u>949,799</u>
	<u>\$ 2,115,973</u>	<u>2,343,275</u>

See accompanying notes to the financial statements.

Butler County United Way
Statements of Activities
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Changes in unrestricted net assets		
Public support and revenue - gross campaign results	\$ 967,738	921,932
Less: donor designations	(312,378)	(274,745)
Less: provision for uncollectible receivables	<u>(106,701)</u>	<u>(2,840)</u>
Net campaign revenue	548,659	644,347
Other revenue and net assets released from restrictions		
Designations from other United Ways	944,194	969,880
Grants and other program revenue	21,500	183,574
Realized and unrealized gain(loss) on investments	(9,227)	64,684
Investment income	12,193	22,142
Sponsorships	-	2,000
Other income	82,678	78,533
In-kind donations	40,000	46,050
Net assets released from restrictions	<u>13,147</u>	<u>3,000</u>
Total public support, other revenue and net assets released from restrictions	<u>1,653,144</u>	<u>2,014,210</u>
Expenses:		
Program services	1,242,758	1,434,354
Supporting services		
Management and general	137,142	177,718
Resource development	315,166	308,463
United Way Worldwide dues	<u>11,222</u>	<u>14,026</u>
Total supporting services	<u>463,530</u>	<u>500,207</u>
Total expenses	<u>1,706,288</u>	<u>1,934,561</u>
Increase(decrease) in unrestricted net assets	(53,144)	79,649
Changes in temporarily restricted net assets		
Restricted contributions	3,378	3,878
Net assets released from restrictions	<u>(13,147)</u>	<u>(3,000)</u>
Increase(decrease) in temporarily restricted net assets	<u>(9,769)</u>	<u>878</u>
Increase(decrease) in net assets	(62,913)	80,527
Net assets - beginning of period	<u>949,799</u>	<u>869,272</u>
Net assets - end of period	\$ <u>886,886</u>	<u>949,799</u>

See accompanying notes to the financial statements.

Butler County United Way
Statement of Functional Expenses
Year Ended June 30, 2012

	Program services			Supporting services			
	Allocations	Community Impact	Total	Management and General	Resource Development	UWW Dues	Total
\$							
Compensation	-	185,126	185,126	67,781	174,734	-	427,641
Employer payroll taxes	-	14,386	14,386	5,267	13,578	-	33,231
Employee benefits	-	22,849	22,849	8,366	21,567	-	52,782
Total personnel expenses	-	222,361	222,361	81,414	209,879	-	513,654
Allocations to agencies	922,967	-	922,967	-	-	-	922,967
Unemployment	-	332	332	122	314	-	768
Professional/consultant fees	-	1,369	1,369	20,035	1,292	-	22,696
Depreciation	-	5,298	5,298	1,940	5,001	-	12,239
Marketing/campaign expense	-	11,227	11,227	4,111	10,597	-	25,935
Occupancy	-	14,072	14,072	5,152	13,282	-	32,506
Conference and meeting	-	2,427	2,427	888	2,290	-	5,605
Gift in-kind facility usage	-	17,316	17,316	6,340	16,344	-	40,000
Miscellaneous	-	-	-	249	370	-	619
Supplies	-	3,493	3,493	1,279	3,297	-	8,069
Meetings and meals	-	1,433	1,433	525	1,353	-	3,311
Telephone	-	2,513	2,513	920	2,372	-	5,805
Equipment maintenance and rental	-	8,149	8,149	4,883	7,189	-	20,221
Travel	-	2,010	2,010	736	1,897	-	4,643
Awards/incentives	-	725	725	265	684	-	1,674
Special events	-	-	-	2,215	34,519	-	36,734
Postage	-	1,611	1,611	590	1,520	-	3,721
Membership dues	-	-	-	609	983	11,222	12,814
Bank fees	-	-	-	7,369	1,983	-	9,352
Special assistance to individuals	22,955	-	22,955	-	-	-	22,955
Administrative fee	-	2,500	2,500	(2,500)	-	-	-
\$	945,922	296,836	1,242,758	137,142	315,166	11,222	1,706,288

Butler County United Way
Statement of Functional Expenses
Year Ended June 30, 2011

	Program services			Supporting services			Total
	Allocations	Community Impact	Total	Management and General	Resource Development	UWW Dues	
\$							
Compensation	-	161,862	161,862	98,425	151,165	-	411,452
Employer payroll taxes	-	14,626	14,626	8,893	13,659	-	37,178
Employee benefits	-	24,179	24,179	14,702	22,581	-	61,462
Total personnel expenses	-	200,667	200,667	122,020	187,405	-	510,092
Allocations to agencies	1,087,643	-	1,087,643	-	-	-	1,087,643
Professional/consultant fees	-	7,561	7,561	3,989	6,127	-	17,677
Depreciation	-	-	-	5,372	17,088	-	22,460
Marketing/campaign expense	-	18,429	18,429	11,206	17,211	-	46,846
Occupancy	-	12,964	12,964	7,882	12,107	-	32,953
Conference and meeting	-	2,604	2,604	1,584	2,432	-	6,620
Gift in-kind facility usage	-	15,736	15,736	9,568	14,696	-	40,000
Miscellaneous	-	-	-	515	1,637	-	2,152
Supplies	-	3,580	3,580	2,177	3,343	-	9,100
Meetings and meals	-	1,089	1,089	662	1,017	-	2,768
Telephone	-	2,113	2,113	1,285	1,973	-	5,371
Equipment maintenance and rental	-	11,519	11,519	7,004	10,758	-	29,281
Travel	-	1,929	1,929	1,173	1,802	-	4,904
Awards/incentives	-	944	944	574	882	-	2,400
Special events	-	8,832	8,832	8,854	19,330	-	37,016
Postage	-	4,552	4,552	2,768	4,251	-	11,571
Printing and publication	-	19,815	19,815	952	1,463	-	22,230
Membership dues	-	-	-	-	950	14,026	14,976
Bank fees	-	4,274	4,274	2,598	3,991	-	10,863
Special assistance to individuals	19,003	-	19,003	-	-	-	19,003
Administrative fee	-	11,100	11,100	(12,465)	-	-	(1,365)
Total	\$ 1,106,646	327,708	1,434,354	177,718	308,463	14,026	1,934,561

Butler County United Way
Statements of Cash Flows
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Increase(decrease) in net assets	\$ (62,913)	80,527
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
Loss on sale of fixed assets	-	5,785
Depreciation	12,239	22,460
Gain on investments	9,221	(64,684)
Changes in operating assets and liabilities:		
Pledges and other receivables	34,356	191,087
Prepaid expense	12,674	(11,755)
Accounts payable	(15,487)	624
Payroll withholdings	(888)	2,656
Deferred income	4,839	(4,427)
Accrued compensation	2,770	(4,712)
Allocations and designations payable	<u>(156,103)</u>	<u>(108,893)</u>
Net cash provided (used) by operating activities	<u>(159,292)</u>	<u>108,668</u>
Cash flows from investing activities:		
Net proceeds from sale/purchase of investments	<u>(7,552)</u>	<u>7,028</u>
Net cash provided (used) by investing activities	<u>(7,552)</u>	<u>7,028</u>
Increase (decrease) in cash	(166,844)	115,696
Cash - beginning of year	<u>489,851</u>	<u>374,155</u>
Cash - end of year	\$ <u>323,007</u>	<u>489,851</u>

See accompanying notes to the financial statements.

1. GENERAL INFORMATION:

Incorporated in June of 1953, the Butler County United Way (the Organization) is a nonprofit organization that generates resources from the Butler County community for the purpose of helping youth grow into successful adults and helping residents become self-sufficient. The Organization, whose mission is to connect resources to important community needs is a member in good standing with the United Way Worldwide and is governed by a local volunteer board of trustees.

The Organization leverages resources from multiple sources. Three distinct types of resources are leveraged. They are in the form of money, volunteer time/ in-kind donations, and people's voice – advocacy. Resources are garnered primarily from local corporations, foundations, government entities, employees, community citizens, and special events. These secured resources are invested in local community needs through a network of providers. The selected network of providers delivers outcome-based services that are aligned with the United Way purpose. United Way's business is to broker solutions that allow youth to grow into successful adults and residents to be self-sufficient.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

Cash and cash equivalents

For the purpose of the statements of cash flows, the Organization considers all monies in banks and highly liquid investments with original maturities of three months or less to be cash and cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Investments are comprised of equity securities, fixed income securities, bond funds, mutual funds, and certificates of deposit with original maturities of greater than three months. Unrealized gains and losses are included in the change in net assets.

Beneficial interest

In 1990, an anonymous donor donated \$50,000 to the Hamilton Community Foundation but designated Butler County United Way as the beneficiary.

As the donor did not grant the Hamilton Community Foundation the right to redirect the funds to another beneficiary, accounting principles generally accepted in the United States of America require an asset to be recognized. The investment income is unrestricted while the initial \$50,000 contribution is temporarily restricted until such time as the Hamilton Community Foundation Board of Trustees approves the payout.

Property and equipment

Property and equipment are presented at cost less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in the change in net assets for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized. Property and equipment additions in excess of \$1,000 are capitalized. The general range of useful lives for depreciation is three to twenty years.

Allocations and designations payable

Allocations to supported member agencies' programs and services are approved in the spring and disbursed for the most part in the following fiscal year. Allocations made by the Organization are recognized as expense in the period the commitment is made. All allocations must align with the Board of Trustees' approved ends: youth grow into successful adults and residents become self-sufficient.

Funds received or receivable that must be distributed to other United Way agencies are excluded from net assets and included as an asset (included in cash or pledges receivable) and a corresponding liability in the accompanying statement of financial position. Since the Organization acts as the custodial agent of these funds, no amounts are recognized in net campaign revenue in the accompanying Statement of Activities. At June 30, 2012 and 2011 the Organization owed \$11,855 and \$14,698, respectively to other United Ways.

Net assets

The unrestricted net assets are available for the purposes of the Organization. Temporarily restricted net assets represent assets which have donor imposed restrictions on their use or time restrictions on when the funds may be spent.

Board designated net assets (reserves) are set by the Board of Trustees. The current policy requires this amount to be two to three months of allocations.

Fair value of financial instruments

The carrying value of the cash and cash equivalents, pledges and other receivables, investments, prepaid expenses, accounts payable, payroll withholdings, accrued employee compensation, allocations and designations payable, and deferred income approximates fair value due to the short-term nature of these instruments. The carrying value of unconditional promise to give facility usage, custodial cash assets and liabilities and investments – board designated funds also approximates fair value. See Note 21.

Restricted and unrestricted revenue

Pledges and sponsorship income that are restricted by the donor are reported as unrestricted revenue if the restriction expires in the reporting period in which the pledge is recognized. All other donor-restricted pledges are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Pledges received in the current fiscal year to support the fall campaign of the following fiscal year are subject to a time restriction and are included in temporarily restricted contributions.

Pledges received with a donor designation to a specific agency are agency transactions and are therefore deducted from the gross campaign results and are also excluded from allocations to agencies expense.

Grants and other program revenue consist of money received to support various programs, which are described in Note 3.

Expense allocation

Expenses are charged to programs and supporting services when directly attributed to the program, management and general, and fundraising activity. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Campaign advertising

Campaign advertising costs are expensed as incurred.

Income taxes

The Organization is exempt from federal income tax under the provisions of Internal Revenue Code Section 501(c)(3). As such, the organization is exempt from federal, state, and local income taxes. The Organization does not currently conduct any activities which would result in the imposition of the unrelated business income tax and believes it has not earned any unrelated business income and has estimated no tax is due based on current facts and circumstances. Thus, the Organization has determined that an accrual for taxes is not needed for the year ended June 30, 2012.

The Organization's income tax filings are subject to audit by various taxing authorities. The years of filings open to these authorities and available for audit are 2009 - 2011. The Organization's policy with regards to interest and penalties is to recognize interest through interest expense and penalties through other expense. In evaluating the Organization's tax provision and tax exempt status, interpretations and tax planning strategies were considered. The Organization believes their estimates are appropriate based on the current facts and circumstances.

Subsequent events

The Organization evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through October 15, 2012, which is the date on which the financial statements were available to be issued.

Reclassifications

Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported financial position or net assets.

3. PROGRAMS AND ACTIVITIES:

The Organization focuses on connecting resources to important community needs while brokering solutions to the most urgent human needs facing the community. A variety of methods are deployed to communicate with community members in order to prioritize the issues and determine the proper solutions to these problems. Whether this means grant writing, fundraising, or collaborating with community partners, the Organization uses community input to solve community issues. The Organization's primary programs and activities are as follows:

Community Impact - The Organization connects resources to community needs that are identified by the community as most critical. The resources may include fundraising, grant writing, volunteer recruitment, or developing collaborations that best address the identified issues.

Fifteen community leaders and citizens devoted time to create a community agenda approach to allocating resources entrusted to Butler County United Way. Community Summits were held in the Fall of 2009 and determined that employment and earning a living wage were the most critical needs for adults. And in the Fall of 2010 determined that supportive relationships that reduce risky behaviors were viewed to be the most critical issue for youth. These findings, in keeping with Board established ends, were used to develop outcomes used in the Request for Proposal (RFP) process.

A Youth Action Council and a Self-Sufficiency Action Council, each composed of community citizens and program experts, developed the proposed strategies and measurable indicators for the RFPs released to all non-profits in Butler County. The two Council's members managed the process, including reviewing all proposals, and then making awards to those most in alignment with the outcomes identified in the RFP. The total awards were \$922,967 and \$1,087,643 for 2011 and 2010, respectively.

Resource Development - This division focuses on revenue that is secured from direct donor solicitation, corporate investments, sponsorship opportunities, and fundraising events. Volunteers from the community led the annual campaign which generated more than \$1,900,000 in pledged gifts from individuals and corporations. An additional 100 plus volunteers supported the day to day details so as to keep overhead costs low and systems efficient. Fundraising events leveraged the volunteer efforts so that profits directly benefited the award process. The GOLF UNITED outing, one example of such an event, generated \$15,100 in 2012, and \$23,600 in 2011.

4. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents consist of:

	<u>2012</u>	<u>2011</u>
US Bank Checking	\$ 132,220	81,700
US Bank Savings	509,638	711,904
First Financial Bank Checking	11,705	25,522
First Financial Bank Investments in Cash	20,389	21,995
Fifth Third Bank Checking	5,351	5,631
Petty Cash	<u>200</u>	<u>300</u>
	679,503	847,052
Less cash restricted for unemployment custodial funds	(40,242)	(39,762)
Less board designated cash	<u>(316,254)</u>	<u>(317,439)</u>
	<u>\$ 323,007</u>	<u>489,851</u>

5. PLEDGES RECEIVABLE, NET:

Pledges receivable consist of:

	<u>2012</u>	<u>2011</u>
Pledges receivable	\$ 1,164,007	1,091,662
Allowance for uncollectible receivables	<u>(230,289)</u>	<u>(123,588)</u>
	<u>\$ 933,718</u>	<u>968,074</u>

Pledges are reported as a receivable for one year or until paid. An unpaid pledge, after one year, is written off using the allowance for uncollectible receivables.

The allowance for uncollectible pledges is calculated to be approximately 6 - 7% of the total amount raised for the current year fundraising campaign, which is based on the Organization's actual past collection experience.

6. OTHER RECEIVABLES:

Other receivables include amounts due through various programs operated by the Organization.

7. INVESTMENTS:

The investment balance is comprised of the Legacy Fund and other short-term investments. The Legacy Fund requires approval by the Chief Executive Officer for disbursements, which are primarily used to purchase equipment and/or make building improvements. The Finance Committee makes recommendations to the Chief Executive Officer for approval.

Investments consist of:

	<u>2012</u>	<u>2011</u>
Legacy Fund:		
Bond Funds	\$ 292,831	279,433
Stock Mutual Funds and Exchange-traded Funds (ETFs)	131,000	114,573
U.S. Government Mutual Funds	<u> -</u>	<u>29,305</u>
Fair Market Value	\$ <u>423,831</u>	<u>423,311</u>

8. UNCONDITIONAL PROMISE TO GIVE FACILITY USAGE:

The estimated fair value of the operating lease is expensed annually as gift in kind facility usage on the Statement of Functional Expenses and included in the in-kind contributions on the statement of activities. The current lease runs from January 1 to December 31, 2012 and is renewable for periods of one year. The Organization leases the facility it operates from the Hamilton Community Foundation, at one dollar per year. The lease requires the Organization to pay for all costs and expenses necessary to operate and maintain the facility.

9. CASH AND INVESTMENTS – BOARD DESIGNATED:

Board designated cash has been established for the purpose of maintaining approximately two months of reserves for future allocations to supported agencies and programs and for internal expenses. Board designated funds consist of:

	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ <u>316,254</u>	<u>317,439</u>

10. PROPERTY AND EQUIPMENT, NET:

Property and equipment consist of the following:

	<u>2012</u>	<u>2011</u>
Building and equipment	\$ 121,704	121,704
Leasehold improvements	<u>343,961</u>	<u>343,961</u>
	465,665	465,665
Less accumulated depreciation	<u>(454,559)</u>	<u>(442,320)</u>
	<u>\$ 11,106</u>	<u>23,345</u>

Depreciation expense for the year ended June 30, 2012 and 2011 was \$12,239 and \$22,460 respectively.

11. DEFERRED INCOME:

At June 30, 2012, the Organization has recorded as deferred income the unspent proceeds received towards a golf outing to be held by the Organization in August 2012. The organization has also received donations from First Financial for the 2012 Holiday Collaborative program that are recorded as deferred income as of June 30, 2012.

12. CUSTODIAL CASH AND LIABILITIES:

The Organization administers and acts as custodian for an unemployment fund for other nonprofit organizations. The Organization receives deposits from other nonprofit organizations that are reported as custodial cash - noncurrent.

The balances for the unemployment fund are:

	<u>2012</u>	<u>2011</u>
Alcoholism Council	\$ 3,646	999
LifeSpan	2,558	10,203
Butler Behavioral Health Services	21,561	18,400
Hamilton Community Foundation	300	300
Senior Citizens	<u>12,177</u>	<u>9,860</u>
Total custodial cash – noncurrent	<u>\$ 40,242</u>	<u>39,762</u>

13. ALLOCATIONS PAYABLE:

Included in allocations payable as of June 30 are contributions that were restricted by donors as pass through contributions to designated agencies. These contributions totaled \$295,977 and \$256,135 for 2012 and 2011, respectively.

14. TEMPORARILY RESTRICTED NET ASSETS:

The balances represent restricted contributions received for future allocation periods.

The balances were:

	<u>2012</u>	<u>2011</u>
Hamilton Community Foundation Fund	\$ 50,000	50,000
Held Fund, Children in Hamilton City Schools	-	9,231
Pledges received for the fall campaign	<u>3,378</u>	<u>3,916</u>
	<u>\$ 53,378</u>	<u>63,147</u>

15. OPERATING LEASE:

The Organization leased office space within its location to an unrelated party. These funds were received under a temporary arrangement with no long term contract. The Organization recorded rent revenue of \$4,000 and \$4,100 for 2012 and 2011, respectively, which is included in other income on the Statement of Activities.

The Organization leases office space from the Hamilton Community Foundation at one dollar per year. The lease is a year to year agreement expiring December 31. See Note 8.

16. GIFTS IN-KIND DONATIONS:

The Organization recorded the following donations as in-kind revenue and expense related to program services, management and general and fundraising:

	<u>2012</u>	<u>2011</u>
Rent	\$ 40,000	40,000
Materials and other	<u>-</u>	<u>6,050</u>
	<u>\$ 40,000</u>	<u>46,050</u>

Many individuals volunteer their time and talent to perform a variety of tasks without which the United Way could not successfully conduct its programs. However, only services that meet the criteria for recognition under generally accepted accounting principles are recorded in the financial statements.

17. CONCENTRATIONS:

The Organization operates principally in the Butler County, Ohio geographic area. The Organization's investments are not insured and are subject to market value fluctuation. The Organization's financial instruments that are potentially exposed to concentrations of credit risk are primarily cash and pledges receivable. The cash balance in a financial institution during the year may exceed the \$250,000 amount insured by the Federal Deposit Insurance Corporation.

The Organization's pledges receivable are primarily pledges made by businesses and their employees, and, accordingly the collection is subject to the economic stability of the supporting businesses and on the overall economic environment of the area.

The Organization received approximately 35% of its support for 2012 from four companies on behalf of their employees who participate in the payroll deduction campaign and corporate contributions (2011 – 29%).

18. RETIREMENT PLAN:

The Organization implemented a 403(b) plan effective July 1, 2005 that covers all full-time employees. The Organization contributes 5% of each employee's salary into the plan. For the years ended June 30, 2012 and 2011, the Organization contributed \$11,436 and \$16,862, respectively.

19. RELATED PARTY TRANSACTIONS:

Several members of the Board of Trustees are significant contributors to the Organization.

20. RISKS AND UNCERTAINTIES:

The Organization self-insures for state unemployment purposes. In management's judgment, no material exposure exists related to the self-insurance and accordingly, no provision has been made in the accompanying financial statements.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect net asset balances and the amounts reported in the statement of financial position.

21. FAIR VALUE MEASUREMENTS:

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. 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 the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Company has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

The following tables sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2012 and 2011:

Assets at Fair Value as of June 30, 2012

		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Registered investment companies					
Available for sale securities	\$	423,831	-	-	423,831

Assets at Fair Value as of June 30, 2011

		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Registered investment companies					
Available for sale securities	\$	423,311	-	-	423,311