

UNITED WAY OF THE EASTERN PANHANDLE, INC.

**FINANCIAL STATEMENTS
(WITH SUPPLEMENTAL INFORMATION)**

FOR THE YEAR ENDED JUNE 30, 2007

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J.C. Kunkle & Associates, A.C.
CERTIFIED PUBLIC ACCOUNTING & CONSULTING

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

Board of Directors
United Way of the Eastern Panhandle, Inc.
Martinsburg, West Virginia

We have audited the accompanying statement of financial position of United Way of the Eastern Panhandle, Inc. as of June 30, 2007, and the related statements of activity, cash flows and functional expenses 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.

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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of the Eastern Panhandle, Inc. as of June 30, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

J.C. KUNKLE & ASSOCIATES, A.C.

Martinsburg, West Virginia
December 12, 2007

United Way of the Eastern Panhandle, Inc.
STATEMENT OF FINANCIAL POSITION
June 30, 2007

ASSETS

Cash and cash equivalents	\$ 770,094
Restricted cash - Combined Federal Campaign	52,902
Pledges receivable (net of allowance of \$70,000)	465,356
Pledges receivable - Combined Federal Campaign	50,643
Prepaid insurance and other assets	11,943
Property and equipment, net	<u>3,042</u>

Total assets \$ 1,353,980

LIABILITIES

Accounts payable and accrued expenses	\$ 2,179
Compensation liabilities	15,142
Accrued allocations - Combined Federal Campaign	100,962
Pass-through donations held	<u>72,351</u>

Total liabilities 190,634

NET ASSETS

Temporarily restricted	1,085,696
Unrestricted	<u>77,650</u>

Total net assets 1,163,346

Total liabilities and net assets \$ 1,353,980

The accompanying notes are an integral part of these statements.

United Way of the Eastern Panhandle, Inc.
STATEMENT OF ACTIVITY
For the year ended June 30, 2007

	Unrestricted	Temporarily Restricted	Total
SUPPORT, REVENUES AND RECLASSIFICATIONS			
Campaign contributions	\$ -	\$ 1,304,523	\$ 1,304,523
Combined Federal Campaign contributions	76,775	-	76,775
In-kind contributions	28,911	-	28,911
Special events - net	(46,474)	-	(46,474)
Management fee	24,188	-	24,188
Interest and other	21,118	-	21,118
Program income	8,474	-	8,474
Reclassifications			
Satisfaction of purpose restrictions	1,205,141	(1,205,141)	-
	1,318,133	99,382	1,417,515
EXPENSES			
Program services	1,186,419	-	1,186,419
Supporting services			
Management and general	109,034	-	109,034
Fundraising	112,840	-	112,840
	1,408,293	-	1,408,293
Change in net assets	(90,160)	99,382	9,222
Equity transfer from United Way of Jefferson County, West Virginia, Inc.	-	378,716	378,716
Net assets at beginning of year	167,810	607,598	775,408
Net assets at end of year	\$ 77,650	\$ 1,085,696	\$ 1,163,346

The accompanying notes are an integral part of these statements.

United Way of the Eastern Panhandle, Inc.
STATEMENT OF CASH FLOW
For the year ended June 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 9,222
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	1,352
Changes in operating assets and liabilities	
Increase in pledges receivable	(212,163)
Increase in prepaid expenses	(8,093)
Decrease in accounts payable	(7,491)
Increase in compensation liabilities	3,433
Increase in pass-through donations held	<u>72,351</u>
Net cash used in operating activities	<u>(141,389)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of equipment	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Equity transfer from United Way of Jefferson County, West Virginia, Inc.	<u>371,955</u>
Net increase in cash and cash equivalents	230,566
CASH AND CASH EQUIVALENTS - beginning of year	<u>539,528</u>
CASH AND CASH EQUIVALENTS - end of year	<u><u>\$ 770,094</u></u>

**SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING
AND FINANCING ACTIVITIES**

None

RECONCILIATION OF CASH AND CASH EQUIVALENTS

Cash and cash equivalents per above	<u>\$ 770,094</u>
Cash and cash equivalents per statement of financial position	<u><u>\$ 770,094</u></u>

The accompanying notes are integral part of these statements.

United Way of the Eastern Panhandle, Inc.
 STATEMENT OF FUNCTIONAL EXPENSES
 For the year ended June 30, 2007

	Program Services			Supporting Services		Total
	Community Support	Combined Federal Campaign	Total	Management and General	Fund Raising	
Payments to affiliates	\$ 11,363	\$ -	\$ 11,363	\$ -	\$ -	\$ 11,363
Agency allocations	973,013	-	973,013	-	-	973,013
CFC allocations (net of the allocation to United Way of the Eastern Panhandle)	-	76,775	76,775	-	-	76,775
Special allocations	1,500	-	1,500	-	-	1,500
Non-agency designations	25,740	-	25,740	-	-	25,740
Printing	-	852	852	-	-	852
Campaign supplies and awards	-	1,804	1,804	-	11,043	12,847
Salaries and wages	46,054	14,737	60,791	61,712	61,712	184,215
Payroll taxes and employee benefits	3,523	1,128	4,651	4,721	4,721	14,093
Employee benefits	2,405	1,346	3,751	7,225	7,225	18,201
Postage	-	136	136	2,693	2,693	5,522
Occupancy and maintenance	3,053	760	3,813	11,394	-	15,207
Telephone	770	140	910	1,442	1,442	3,794
Supplies and expenses	723	159	882	2,463	2,464	5,809
Dues and subscriptions	-	-	-	157	-	157
Training and meetings	417	400	817	-	-	817
Insurance	-	-	-	3,502	-	3,502
Professional fees	-	500	500	5,500	-	6,000
In-kind expenses	3,943	-	3,943	4,350	20,618	28,911
Travel	1,258	100	1,358	922	922	3,202
Equipment maintenance and contracts	-	-	-	1,601	-	1,601
Other program costs	13,820	-	13,820	-	-	13,820
Depreciation	-	-	-	1,352	-	1,352
	<u>\$ 1,087,582</u>	<u>\$ 98,837</u>	<u>\$ 1,186,419</u>	<u>\$ 109,034</u>	<u>\$ 112,840</u>	<u>\$ 1,408,293</u>

The accompanying notes are an integral part of these statements.

United Way of the Eastern Panhandle, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The United Way of the Eastern Panhandle, Inc. is an organization of contributors dedicated to providing a voluntary organization to supply the means by which a cross section of citizens and agencies, governmental and voluntary, may join in a community-wide effort to deliver efficient human service programs effectively related to current needs. The Organization serves the citizens of Berkeley, Morgan, and Jefferson Counties, West Virginia.

The Organization is a nonprofit entity as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes.

Participating Federation

The United Way of the Eastern Panhandle, Inc. is required to meet certain requirements as a member federation of the Combined Federal Campaign including honoring designations made to each (federation) member organization by distributing a proportionate share of receipts based on donor designations to each member. The Organization complied with this requirements in all aspects for the year ended June 30, 2007.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, 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.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions 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 statement of activities as net assets released from restrictions.

The Organization recognizes donor direct designations as campaign revenue and agency allocations as allowed by Financial Accounting Standards Board (FASB) Statement No. 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others* as a result of campaign literature that grants the Organization variance power over donor direct designations, if applicable.

Contributed Services

The Organization receives a substantial amount of donated services from volunteers who assist in fund raising and special projects. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the use of management's estimates. Actual results could differ from those estimates.

United Way of the Eastern Panhandle, Inc.
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For the year ended June 30, 2007, the Organization's cash in bank balances exceeded insured FDIC limits on certain occasions. Management deems the risk of excess deposits to be minimal.

For purposes of reporting, management considers certificates of deposit to be cash equivalents.

Management does not include Combined Federal Campaign restricted cash as cash equivalents because of the agency nature of these accounts.

Pledges Receivable

The Organization uses the allowance method for recognizing uncollectible pledges.

Depreciation

Furniture and equipment are stated at cost and are being depreciated over estimated useful lives of 5-10 years using the straight-line method. Accumulated depreciation amounted to \$40,981 at June 30, 2007.

The Organization's policy is to capitalize all furniture and equipment costs in excess of \$500.

NOTE 2: PLEDGES RECEIVABLE

Pledges receivable consist of the following:

Pledges	- 2006 Campaign	\$ 535,356
Less allowance for uncollectible pledges		<u>70,000</u>
Net pledges receivable at June 30, 2007		\$ <u>465,356</u>

All of the above pledges are due in less than one year.

NOTE 3: OPERATING LEASE

The Organization leases office space for \$1,150 per month in Martinsburg, West Virginia. The lease is classified as an operating lease and may be renewed on an annual basis.

NOTE 4: FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

United Way of the Eastern Panhandle, Inc.
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2007

NOTE 5: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

Future allocations to affiliated and nonaffiliated agencies	\$ <u>1,085,696</u>
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Net assets were released from donor restrictions as follows:

Allocations to affiliated and nonaffiliated agencies	986,314
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Allocation to management and fundraising	<u>218,827</u>
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Total	\$ <u>1,205,141</u>
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NOTE 6: FAIR VALUES OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Agency in estimating its fair value disclosures for financial instruments:

Cash, cash equivalents, and short-term unconditional promises to give.

The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

NOTE 7: COMBINED FEDERAL CAMPAIGN

Organization and Nature of Activities

The United Way of the Eastern Panhandle, Inc. is the principal combined fund organization (PCFO) for the Eastern Panhandle, West Virginia Combined Federal Campaign (CFC). The CFC is a part of a national charitable fund raising campaign which solicits employees of the Federal government to make donations to their favorite charities through payroll deductions. The Campaign is conducted by the federal government under the Authority of the U.S. Office of Personnel Management. The Campaign must follow guidelines established by the National Campaign. Under these guidelines, the Campaign disburses all funds received. The Campaign serves the citizens of Berkeley, Morgan, and Jefferson Counties, West Virginia.

NOTE 8: MERGER

The United Way of Berkeley and Morgan Counties, West Virginia, Inc. and The United Way of Jefferson County, West Virginia, Inc. merged operations effective July 1, 2006. The two organizations transitioned and coordinated executive, management, and operational activities during the January-June, 2006 time-frame. During 2006, the United Way of Jefferson County transferred \$108,397 to the United Way of Berkeley and Morgan Counties in anticipation of the merger. An additional amount of \$378,716 was transferred during the year ended June 30, 2007. This additional amount has been reflected as an equity transfer in the 2007 Statement of Activities.



J.C. Kunkle & Associates, A.C.
CERTIFIED PUBLIC ACCOUNTING & CONSULTING

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors
United Way of the Eastern Panhandle, Inc.
Martinsburg, West Virginia

Our report on our audit of the basic financial statements of the United Way of the Eastern Panhandle, Inc. for the year ended June 30, 2007, is presented in the preceding section of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information contained on the following pages is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

J.C. KUNKLE & ASSOCIATES, A.C.

Martinsburg, West Virginia
December 12, 2007

SUPPLEMENTARY INFORMATION

United Way of the Eastern Panhandle, Inc.
SCHEDULE OF COMBINED FEDERAL CAMPAIGN (CFC)
SUPPORT AND REVENUE
For the year ended June 30, 2007

CFC SUPPORT AND REVENUE	\$ 159,195
Designated United Way of the Eastern Panhandle	(58,232)
Management and general	<u>(24,188)</u>
CFC SUPPORT AND REVENUE NET	<u><u>\$ 76,775</u></u>

United Way of Eastern Panhandle, Inc.
 SCHEDULE OF AGENCY ALLOCATIONS
 For the year ended June 30, 2007

American Red Cross, Berkeley County	\$ 31,000
American Red Cross, Eastern Panhandle	25,712
Animal Welfare Society	41,418
Arts & Humanities Alliance	1,441
Arts Centre	15,913
Berkeley Community Pride	3,573
Berkeley Senior Services	34,000
Big Brothers Big Sisters	72,320
Boy Scouts of America	13,665
Boys & Girls Club of the Eastern Panhandle	76,787
CASA	17,887
CCAP	30,000
Children First Child Dev Center	14,395
Children's Tree House	5,783
Common Purpose of the Panhandle	6,135
Community Networks	18,883
Eastern Panhandle Free Clinic	48,629
EVAK	1,793
Family Resource Network	1,000
First in Your Family	13,109
Friends in Action	4,961
Gabriel Project of WV	5,934
Girl Scouts of Shawnee Council	16,877
Good Shepherd	28,879
Habitat for Humanity	24,848
Hospice of the Panhandle	30,439
Humane Society of Berkeley County	30,000
Humane Society of Morgan County	10,000
JC Council on Aging	14,494
Jefferson Memorial Park	8,439
Legal Aid	7,954
Literacy Volunteers	28,560
Meals on Wheels, Berkeley County	18,900
Meals on Wheels, Jefferson County	22,244
Morgan Arts Council	6,000
Morgan County Observatory	425
Morgan Grove Park	1,976
Norborne Preschool & Day Care	19,000
Old Charles Town Library	2,408
Old Opera House Theatre	2,857
Panhandle Home Health	11,562
Parks & Rec Board of Martinsburg-Berkeley	30,000
Potomac Valley Audubon Society	10,995
Racetrack Chaplaincy	7,791
Regalos Elizabeth Fund	1,563
Salvation Army	21,000
Senior Life Services of Morgan County	14,000
Shenandoah Women's Center	56,424
Shepherdstown Day Care	12,540
Starting Points	11,000
Telamon/ I&R	37,500
	<u>\$ 973,013</u>