

**UNITED WAY OF CENTRAL
MINNESOTA, INC.**

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

**SCHLENNER WENNER & CO.
CERTIFIED PUBLIC ACCOUNTANTS
& BUSINESS CONSULTANTS**

UNITED WAY OF CENTRAL MINNESOTA, INC.
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INDEPENDENT AUDITORS' REPORT

October 16, 2008

Board of Directors
United Way of Central Minnesota, Inc.
St. Cloud, Minnesota

We have audited the accompanying statement of financial position of United Way of Central Minnesota, Inc. as of June 30, 2008 and 2007, 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 audit. The prior years' summarized comparative information has been derived from the fiscal year ended June 30, 2007 financial statements and, in our report, dated October 9, 2007, we expressed an unqualified opinion.

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 Central Minnesota, Inc. as of June 30, 2008, and the results of its activities and 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.



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UNITED WAY OF CENTRAL MINNESOTA, INC.
STATEMENT OF FINANCIAL POSITION

ASSETS

	June 30,	
	2008	2007
CURRENT ASSETS		
Cash & Cash Equivalents (Note B)	\$ 2,304,624	\$ 2,638,091
Investments (Notes C and D)	-	100,000
Pledges Receivable, Net of Allowance for Doubtful Pledges (Note E)	1,370,535	1,460,451
Accounts Receivable-Miscellaneous	2,095	268
Grants Receivable	18,592	7,403
Interest Receivable	221	14,015
Prepaid Expenses	54,517	52,662
TOTAL CURRENT ASSETS	3,750,584	4,272,890
LONG-TERM ASSETS		
Investments (Notes C and D)	712,266	219,274
Equipment and Leasehold Improvements (Net of Accumulated Depreciation) (Note F)	69,476	55,931
	781,742	275,205
TOTAL ASSETS	\$ 4,532,326	\$ 4,548,095

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	\$ 18,092	\$ 37,213
Accrued Salary Expenses	40,402	42,323
Due to Designated Agencies	226,285	251,892
Capital Lease Payable - Current Portion	-	4,629
Deferred Revenue	18,831	7,606
TOTAL CURRENT LIABILITIES	303,610	343,663
NET ASSETS		
Unrestricted		
Designated (Note A)	2,323,440	2,104,828
Temporarily Restricted	1,712,081	1,907,709
Permanently Restricted	193,195	191,895
TOTAL NET ASSETS	4,228,716	4,204,432
TOTAL LIABILITIES AND NET ASSETS	\$ 4,532,326	\$ 4,548,095

UNITED WAY OF CENTRAL MINNESOTA, INC.
STATEMENT OF ACTIVITIES

	For the Years Ended June 30,			
	2008		2007	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals (Memorandum Only)
PUBLIC SUPPORT AND REVENUE				
Current Year Gross Campaign Contributions	\$ -	\$ 3,967,911	\$ 1,000	\$ 3,968,911
Less: Designations to Other Agencies	-	(367,356)	-	(367,356)
Less: Provision for Uncollectible	-	(250,000)	-	(250,000)
Current Year Net Campaign Revenue	-	3,350,555	1,000	3,351,555
Prior Year Gross Campaign Contributions	4,130,871	-	-	4,130,871
Less: Designations to Other Agencies	(393,734)	-	-	(393,734)
Less: Provision for Uncollectible	(250,000)	-	-	(250,000)
Prior Year Net Campaign Revenue	3,487,137	-	-	3,487,137
Government Grants	-	19,374	-	19,374
Private Grants	-	251,602	300	251,902
Service Fees	64,737	-	-	64,737
Other Revenue	71,026	28,146	-	99,172
In-Kind Revenue	-	45,248	-	45,248
Investment Income	76,012	-	-	76,012
Unrealized Gains (Losses)	(22,857)	-	-	(22,857)
Net Assets Released from Restrictions	404,700	(3,890,553)	-	(3,485,853)
TOTAL PUBLIC SUPPORT AND REVENUE	4,080,755	(195,628)	1,300	3,886,427
EXPENSES				
Program Services	3,035,865	-	-	3,035,865
Supporting Services:				
Administrative	353,941	-	-	353,941
Fundraising	432,902	-	-	432,902
United Way of America Dues	39,435	-	-	39,435
TOTAL EXPENSES	3,862,143	-	-	3,862,143
CHANGE IN NET ASSETS	218,612	(195,628)	1,300	24,284
NET ASSETS-Beginning of Year	2,104,828	1,907,709	191,895	4,204,432
NET ASSETS-End of Year	\$ 2,323,440	\$ 1,712,081	\$ 193,195	\$ 4,228,716

See accompanying notes.

**UNITED WAY OF CENTRAL MINNESOTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES**

For the Years Ended June 30,
2008 2007
Totals (Memorandum Only)

	Program Services		Supporting Services				Total
	Fund Distribution	Success By & Other Services	Total	Administration	Fundraising	UWA Dues	
EXPENSES							
Funds Distributed	\$ 2,728,544	\$ 14,318	\$ 2,742,862	\$ -	\$ -	\$ -	\$ 2,742,862
Less: Donor Designations	(367,356)	-	(367,356)	-	-	-	(367,356)
SUBTOTAL	2,361,188	14,318	2,375,506	-	-	-	2,375,506
Wages and Benefits	134,791	123,674	258,465	242,548	263,372	-	505,920
Payroll Taxes	8,941	8,203	17,144	16,244	17,469	-	33,713
SUBTOTAL	143,732	131,877	275,609	258,792	280,841	-	539,633
Contract Services	10,026	5,790	15,816	18,379	5,450	-	23,829
Office Supplies	1,214	791	2,005	2,245	1,615	-	3,860
Printing	2,965	8,856	11,821	2,987	26,154	-	29,141
Public Awareness/Media	2,063	10,324	12,387	1,708	27,635	-	29,343
Telephone	2,416	2,786	5,202	2,691	2,918	-	5,609
Postage	1,823	1,568	3,391	2,116	5,067	-	7,183
Office Rent	11,329	10,394	21,723	20,582	22,135	-	42,717
Repairs & Maintenance	3,090	4,950	8,040	5,623	7,124	-	12,747
Meetings	6,206	7,564	13,770	3,137	7,522	-	10,659
Transportation	649	3,045	3,694	438	3,965	-	4,403
Volunteer/Staff Development	6,157	6,288	12,445	11,780	10,417	-	22,197
Awards and Recognition	707	3,664	4,371	2,817	4,478	-	7,295
Insurance	1,110	942	2,052	1,944	2,091	-	4,035
In-Kind Expense	-	29,123	29,123	-	14,000	-	14,000
Bank and Other Fees	58	-	58	5,427	558	-	5,785
Dues and Subscriptions	201	340	541	3,645	775	39,435	44,396
Books and Materials	-	228,147	228,147	-	-	-	228,147
Depreciation	5,497	4,667	10,164	9,630	10,357	-	19,987
SUBTOTAL	55,511	329,239	384,750	95,149	152,061	39,435	286,645
TOTAL FUNCTIONAL EXPENSES	\$ 2,560,431	\$ 475,434	\$ 3,035,865	\$ 353,941	\$ 432,902	\$ 39,435	\$ 3,862,143
							\$ 3,643,433

UNITED WAY OF CENTRAL MINNESOTA, INC.
STATEMENT OF CASH FLOWS

	For the Years Ended June 30,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Public Support	\$ 3,849,257	\$ 4,006,895
Net Investments	66,949	121,911
Cash Paid to Member and Non-Member Agencies	(3,035,865)	(2,920,379)
Cash Paid to Suppliers and Employees	<u>(780,530)</u>	<u>(640,139)</u>
Net Cash Provided by Operating Activities	99,811	568,288
 CASH FLOWS FROM INVESTING ACTIVITIES		
Net (Increase) Decrease in Investments	(392,992)	614,459
Purchase of Equipment	<u>(40,286)</u>	<u>(38,837)</u>
Net Cash Provided (Used) by Investing Activities	<u>(433,278)</u>	<u>575,622</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(333,467)	1,143,910
 CASH AND CASH EQUIVALENTS, Beginning of Year	<u>2,638,091</u>	<u>1,494,181</u>
 CASH AND CASH EQUIVALENTS, End of Year	<u><u>\$ 2,304,624</u></u>	<u><u>\$ 2,638,091</u></u>
 RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in Net Assets	\$ 24,284	\$ 619,062
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	30,151	28,993
Change in Allowance	-	25,000
Receipt of Donated Equipment	(3,410)	-
Changes in Assets and Liabilities:		
Pledges Receivable	89,916	(155,570)
Accounts Receivable-Miscellaneous	(1,827)	22,962
Grants Receivable	(11,189)	28,113
Interest Receivable	13,794	(4,082)
Prepaid Expenses	(1,855)	(6,453)
Accounts Payable	(19,121)	17,797
Accrued Salary Expenses	(1,921)	11,315
Due to Designated Agencies	(25,607)	7,713
Capital Lease Payable	(4,629)	(4,287)
Deferred Revenue	<u>11,225</u>	<u>(22,275)</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 99,811</u></u>	<u><u>\$ 568,288</u></u>
 SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Fully Depreciated Fixed Assets that were Abandoned	<u><u>\$ 3,172</u></u>	<u><u>\$ 23,630</u></u>

See accompanying notes.

UNITED WAY OF CENTRAL MINNESOTA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE A SUMMARY OF NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

This summary of the nature of operations and significant accounting policies of United Way of Central Minnesota, Inc. is presented to assist in understanding the Organization's financial statements.

Nature of Operations

United Way of Central Minnesota, Inc. is a 501(c)(3) charitable organization incorporated in 1967 under the laws of the State of Minnesota and governed by a volunteer board of directors.

The mission of the Organization is to improve people's lives by mobilizing the caring power of Central Minnesota. The Organization works to accomplish this mission by bringing people and resources together to develop lasting solutions to critical community issues. Community donors provide resources by investing dollars and volunteering time. These resources are invested in area non-profits, community partners and internal services that focus on income, education & health – the building blocks for a good life. Internal services include Success By 6, an early childhood development collaboration currently focusing on early literacy; United Way 2-1-1, a 24 hour information and referral line for community resources and human service needs; United Way Volunteer Central Minnesota, connecting area volunteers with volunteer opportunities; Youth As Resources, developing youth leadership, involvement in community service and encouraging youth-led, youth-initiated solutions to community needs; and Training Opportunities Team, a community education and workplace training effort that addresses critical and emerging community issues.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenue is recognized as it is earned and expenses are recorded as incurred.

Basis of Presentation

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Made", and (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". SFAS No. 117 establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. SFAS No. 116 requires that unconditional promises to give (pledges) 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 that are not subject to any donor-imposed restrictions.

Temporarily Restricted – net assets subject to donor-imposed restrictions that can be met either by actions of the Organization and/or the passage of time.

Permanently Restricted – net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. 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.

Additional information on how these standards have been applied by the Organization can be found in paragraphs describing Recognition of Contributions and Designated Net Assets.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

UNITED WAY OF CENTRAL MINNESOTA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE A SUMMARY OF NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Credit Risk Related to Cash

The Organization maintains its cash and cash equivalents at several separate financial institutions, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash.

Investments

Investments consist of certificates of deposit and marketable securities. Investments in certificates of deposit are stated at cost which approximates fair value. Investments in marketable securities with readily determinable fair values are reported at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Subsequent to year-end, the credit and liquidity crisis in the United States and throughout the global financial system has resulted in substantial volatility in financial markets and the banking system. These and other economic events have had a significant adverse impact on investment portfolios. As a result, the United Way's investments have likely incurred a significant decline in fair value since June 30, 2008.

Pledges Receivable and Allowance for Doubtful Pledges

Pledges receivable are carried at fair value and are recorded as receivables when pledged and the allowance for doubtful pledges are provided for amounts estimated to be uncollectible. The allowances are based on prior years' collection experience and management's analysis of current economic conditions and specific pledges made. Pledges receivable are written off when deemed uncollectible. Recoveries of pledges previously written off are recorded when received.

Accounts Receivable-Miscellaneous

Accounts receivable are carried at original invoice amount. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. Accounts receivable have been adjusted for all known uncollectible accounts. No allowance for uncollectible amounts is considered necessary at year end.

Grants Receivable

Grants receivable are carried at fair value and have been adjusted for all known uncollectible accounts. No allowance for uncollectible amounts is considered necessary at year end.

Equipment and Leasehold Improvements

Equipment and leasehold improvements are carried at historical cost. Major additions and betterments in excess of \$500 are charged to the property accounts while replacements, maintenance, and repairs that do not improve or extend the life of the respective assets are expensed in the current period.

Depreciation

Depreciation is computed using the straight line method for financial reporting purposes. Depreciation of equipment and leasehold improvements is based on useful lives ranging between three and ten years.

Deferred Revenue

Deferred revenue consists of grants deemed to be exchange transactions that relate to future periods.

UNITED WAY OF CENTRAL MINNESOTA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE A SUMMARY OF NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Designated Net Assets

The Board of Directors has designated unrestricted net assets for various reserves, equipment, and leasehold improvements. Reserves are evaluated and designated on an annual basis.

A cash reserve policy requires the Organization to maintain reserves equal to the sum of the following:

1. 25% (three months) of budgeted expenses for the upcoming fiscal year including allocations and designations. This amount shall approximate three months but in no case be less than two and one-half months, except for an emergency declared by the Board.
2. Net value of fixed assets less depreciation recorded in the financial statements.
3. Budgeted fixed asset acquisitions for the upcoming year not included in budgeted expenses.

This reserve is calculated annually as part of the budgeting process. Designated reserves are held as investments and in cash and cash equivalents. At June 30, 2008 and 2007, the balance reserved for this purpose is \$2,251,381 and \$2,189,269, respectively.

An unemployment reserve was created to accumulate funds for possible future unemployment claims. Annually, 1% of wages is set aside for this purpose. Unemployment claims paid during the fiscal years ended June 30, 2008 and 2007 are \$0 for both years. The balance in this reserve at June 30, 2008 and 2007, is \$31,304 and \$24,048, respectively.

These designated reserves are included within the cash and cash equivalents in the Statement of Financial Position.

At June 30, 2008 and 2007, an additional amount of \$97,476 and \$90,831, respectively, has been designated for equipment and leasehold improvements.

Recognition of Contributions

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a 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. Temporarily restricted net assets consist primarily of funds generated from the current year campaign that will be expended in the following year to support allocations to United Way-supported agencies and United Way operating expenses. Permanently restricted net assets consist entirely of endowment funds.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. All such gifts are recorded at fair value at time of donation. For the year ended June 30, 2008, such donations amount to \$3,410.

Designation Processing and Standard M Compliance

Designations to other charitable organizations are charged a handling fee to cover the cost of fundraising and administration of these gifts. These handling fees are based upon the actual cost of fundraising and administration taken from the most recently completed audit at the start of the annual campaign.

Standard M was issued by United Way of America in 2004 to ensure uniformity of designation processing across the entire United Way system. United Way of Central Minnesota, Inc. adopted the new standard and has pledged to apply it to all designations received. Under this standard, designations paid to other charitable organizations are charged no more than the actual cost incurred to process and transfer gifts and no additional processing fees will be charged against designations received from other United Ways. Handling fees will not exceed the United Way of America's maximum of a 3-year average of fundraising and management and general costs as a percentage of total revenue taken from the three most recent Internal Revenue Service (IRS) forms 990.

UNITED WAY OF CENTRAL MINNESOTA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE A SUMMARY OF NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Items

The Organization recognizes contributed services as revenue and expense if such services meet the criteria for recognition in accordance with generally accepted accounting principles. In-kind items are recorded at fair value at the time of donation. In-kind revenue and expense for such services amounts to \$43,123 and \$35,550 for the years ended June 30, 2008 and 2007, respectively. In-kind items consist of advertising, food and beverages, cell phone, video and personal services of loaned employees utilized during the annual workplace campaign.

The Organization receives a significant amount of donated services from unpaid volunteers who assist with annual workplace campaign solicitations, and various committee assignments. No amounts have been recognized in the statement of activities because the criteria for recognition under SFAS 116 have not been satisfied.

Functional Expenses

The United Way allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated based on employee time reports. Dues to the United Way of America are recognized as a supporting service expense and are not allocated across programs and services of the Organization.

Advertising

The Organization expenses advertising costs as they are incurred. Such expense amounts to \$41,730 and \$57,369 for the years ended June 30, 2008 and 2007, respectively.

Fundraising Expense

The Organization expenses fundraising costs as they are incurred.

Income Taxes

The IRS under code Section 501(c)(3) recognizes the United Way as a non-profit organization. Accordingly, no provision or liability for income taxes has been made in the financial statements and contributions to the organization are tax deductible to donors as allowed by IRS regulations.

Reclassifications

Certain amounts from 2007 have been reclassified to conform with the 2008 presentation.

Comparative Amounts

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2007, from which the summarized information was derived.

NOTE B CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the United Way considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of the following:

	<u>2008</u>	<u>2007</u>
Checking and Savings	\$ 462,979	\$ 2,282,223
US Treasury Bill or Money Market Accounts	<u>1,841,645</u>	<u>355,868</u>
Total Cash and Cash Equivalents	<u>\$ 2,604,624</u>	<u>\$ 2,638,091</u>

Included in Checking and Savings is a sweep account which is uninsured, but is 100% collateralized by the bank with outside investments.

UNITED WAY OF CENTRAL MINNESOTA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE C UNRESTRICTED INVESTMENTS

Unrestricted investments are carried at cost, which approximates fair value. Investments with a maturity date of one year or more are classified as long term investments. The following investments were held on June 30, 2008:

<u>Description</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>2008</u>
US Treasury or US-Backed Securities	various	various	\$ 518,250

The following investments were held on June 30, 2007:

<u>Description</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>2007</u>
Bank Certificate of Deposit	3.75%	8/07	\$ 100,000

NOTE D RESTRICTED INVESTMENTS

Bertha Lazer Endowment Fund

The United Way received funds from the Bertha Lazer Trust to be used for the Home Delivered Meals program. The United Way transferred the funds to the Central Minnesota Community Foundation and established the United Way/Bertha Lazer Endowment Fund. The investment mix of the fund is currently at approximately 75% equities and 25% fixed rate. The endowment fund investments are valued at market for financial statement purposes. The endowment fund activity is as follows:

	<u>2008</u>	<u>2007</u>
Balance at July 1	\$ 211,227	\$ 191,191
Investment Income	6,205	5,817
Unrealized Gains (Losses)	(20,920)	21,470
Realized Gains (Losses)	1,863	4,499
Management Fees and Other Expenses	(3,003)	(3,010)
Capital Transfer	<u>(8,800)</u>	<u>(8,740)</u>
Balance at June 30	<u>\$ 186,572</u>	<u>\$ 211,227</u>

Expenses relating to investment revenues, including management fees, total \$3,003 and \$3,010 for the fiscal years ended June 30, 2008 and 2007, respectively, and have been netted against investment revenues in the accompanying Statement of Activities.

Operating Endowment Funds

The United Way has established operating endowment funds to accumulate sufficient capital to fund operating expenses from the annual earnings. Contributions are maintained in cash and cash equivalents and in an operating endowment fund established for that purpose at the Central Minnesota Community Foundation. At June 30, 2008 and 2007, operations endowment funds total \$44,242 and \$43,179, respectively.

	<u>2008</u>	<u>2007</u>
Cash and Cash Equivalents	\$ 36,798	\$ 35,132
Long-Term Investments	<u>7,444</u>	<u>8,047</u>
Total Cash and Cash Equivalents	<u>\$ 44,242</u>	<u>\$ 43,179</u>

UNITED WAY OF CENTRAL MINNESOTA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE D RESTRICTED INVESTMENTS (Continued)

Reconciliation of Investments to Permanently Restricted Net Assets

Permanently restricted net assets consist of the original amounts contributed to the Bertha Lazer Endowment and/or the Operating Endowment as noted above. These investments are carried at their fair market value in the asset section of the Statement of Financial Position. Following is a reconciliation of the investment balances to the permanently restricted net assets:

	<u>Bertha Lazer Fund</u>	<u>Operating Fund</u>	<u>Totals</u>
Fair Market Value of Investments	\$ 186,572	\$ 44,242	\$ 230,813
Less: Cumulative Earnings	<u>25,107</u>	<u>12,512</u>	<u>37,618</u>
Permanently Restricted Net Assets-			
Original Contributions	<u>\$ 161,465</u>	<u>\$ 31,730</u>	<u>\$ 193,195</u>

NOTE E PLEDGES RECEIVABLE AND ALLOWANCE FOR DOUBTFUL PLEDGES

Pledges receivable include current year United Way and Combined Federal Campaign contributions and the remaining pledges receivable from the previous campaign year. Pledges not collected by the end of the second fiscal year are charged against the allowance set aside for that pledge year. Pledges receivable and the related allowances for doubtful pledges are listed below:

	<u>2008</u>	<u>2007</u>
Pledges Receivable, Current Year	\$ 1,619,944	\$ 1,710,451
Less: Allowance for Doubtful Pledge	(250,000)	(250,000)
Pledges Receivable, Prior Year	205,591	186,905
Less: Allowance for Doubtful Pledges	<u>(205,000)</u>	<u>(186,905)</u>
Net Pledges Receivable	<u>\$ 1,370,535</u>	<u>\$ 1,460,451</u>

NOTE F EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment and leasehold improvements consist of the following:

	<u>2008</u>	<u>2007</u>
Equipment	\$ 206,766	\$ 166,242
Less: Accumulated Depreciation	<u>137,290</u>	<u>110,311</u>
Net Equipment	<u>\$ 69,476</u>	<u>\$ 55,931</u>

Depreciation expense totals \$30,151 and \$28,993 for the fiscal years ended June 30, 2008 and 2007, respectively.

NOTE G COMPENSATED ABSENCES

The Organization employees earn paid time off based on length of service. Employees are compensated for any unused paid time off upon termination, not to exceed 40 hours. The estimated accumulated paid time off at June 30, 2008 and 2007 is \$8,790 and \$12,775, respectively.

UNITED WAY OF CENTRAL MINNESOTA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE H COMMITMENTS

Rent expense for office space is \$61,158 and \$61,158 for the fiscal years ended June 30, 2008 and 2007, respectively. This lease expires in November 2009.

The Organization has one copier under an operating lease. Monthly payments on this copier are \$239. The copier lease expires in 2009. Copier lease payments for both years ended June 30, 2008 and 2007 total \$2,866.

At June 30, 2008, estimated future minimum lease obligations are as follows:

<u>Years Ending</u> <u>June 30</u>	<u>Amounts</u>
2009	\$ 67,306
2010	<u>28,282</u>
Total	<u>\$ 95,588</u>

NOTE I PENSION PLAN

Regular full-time and part-time employees are eligible to participate in a 401(k) plan. Employees are able to make personal contributions to the plan on the first of the month following 30 days of employment. The Organization matches 100% of eligible employee contributions up to 4% of wages beginning the first of the month following one year of employment. Employees are fully vested in their contributions immediately and in the employer's matching contributions after three years of employment.

On December 1, 2006 the plan was moved from Ohio National Insurance to Mutual of America. As a result of the change in plan providers, eligibility for employer matching contributions increased from 6 months under the former plan to one year under the new plan. To ensure there was no reduction in benefits for current employees as a result of this change in agents and plans, all employees hired after the start of the fiscal year, but prior to the date of conversion, became eligible for employer match on the date of conversion. Total United Way contributions for the fiscal years ended June 30, 2008 and 2007, are \$18,751 and \$16,034, respectively.