

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

**Audited
Financial Statements**

**As of and for the year ended
December 31, 2012**

UNITED WAY OF KANKAKEE COUNTY, INC.
Report on Audit of Financial Statements
As of and For the Year Ended December 31, 2012

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Mark L. Smith
Wayne D. Koelling
Lawrence K. Ohm
Curtis L. Dykstra
Richard S. Stenzinger
Marcie Meents Kolberg
Michael L. Stroud
Keith B. Ohm
Vicki L. DeYoung



**Smith, Koelling,
Dykstra & Ohm, P.C.**
Certified Public Accountants and Advisors

1605 N. Convent
Bourbonnais, IL 60914
(815) 937-1997
Fax: (815) 935-0360
www.skdocpa.com

Beecher (708) 946-3232
Morris (815) 942-2554
Herscher (815) 426-9808
Peotone (708) 258-0300
Wilmington (815) 476-4477

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 financial statements of United Way of Kankakee County, Inc., (a non-profit corporation) which comprise the statement of assets, liabilities and net assets - modified cash basis as of December 31, 2012, and the related statements of activity and changes in net assets - cash basis and functional expenses - cash basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

There are no accounting controls over contributions prior to the initial entry of such contributions in the accounting records. We were unable to obtain sufficient appropriate audit evidence about the amount recognized for the contributions collected by United Way of Kankakee County, Inc. for the year ended December 31, 2012, because there were no accounting controls. Consequently, we were unable to determine whether any adjustments to those amounts were necessary.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of United Way of Kankakee County, Inc. as of December 31, 2012 and the changes in its net assets for the year then ended in accordance with the cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. These financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of awards - cash basis on page 8 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information 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. The information has been subjected to the auditing procedures applied in the audit of the 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 13, 2013

United Way of Kankakee County, Inc.
Statement of Assets, Liabilities and Net Assets - Cash Basis
December 31, 2012

Assets

Cash	\$ 1,366,836
Money market funds	2,594
Prepaid expenses	<u>2,620</u>
Total Current Assets	1,372,050
Property and equipment	<u>2,100</u>
Total Assets	<u><u>\$ 1,374,150</u></u>

Liabilities and Net Assets

Unrestricted net assets	\$ 373,600
Temporarily restricted net assets	<u>1,000,000</u>
Total Net Assets	<u><u>\$ 1,374,150</u></u>

The accompanying notes are an integral part of the financial statements.

United Way of Kankakee County, Inc.
Statement of Activity and Changes in Net Assets - Cash Basis
Year Ended December 31, 2012

Unrestricted Net Assets

Public support		
Individual, corporate, and foundation contributions, net of national and state dues	\$	906,976
Other revenue		
Raffle		129,110
Events		35,277
Other income		17
Investment income		
Interest and dividends		102
		<hr/>
Total unrestricted receipts		1,071,482
		<hr/>

Expenditures

Program services		
Agency allocations		644,018
Management and general		145,787
Fundraising		112,701
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Total expenditures		902,506
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Increase (decrease) in unrestricted net assets		168,976
Net assets, beginning of year		1,205,174
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Net assets, end of year	\$	1,374,150
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United Way of Kankakee County, Inc.
Statement of Functional Expenses - Cash Basis
Year Ended December 31, 2012

	<u>Program</u>	<u>Management and General</u>	<u>Fund- raising</u>	<u>Total Expenses</u>
Agency allocations	\$ 640,696	\$ -	\$ -	\$ 640,696
Professional fees & contractual services	-	80,690	-	80,690
Salaries and benefits	-	29,638		29,638
Occupancy expense		2,864		2,864
Fundraising event expenses	-	-	70,784	70,784
Miscellaneous	3,322	32,595	41,917	77,834
 Total expenses	 <u>\$ 644,018</u>	 <u>\$ 145,787</u>	 <u>\$ 112,701</u>	 <u>\$ 902,506</u>

United Way of Kankakee County, Inc.
Notes to Financial Statements
As of and for the year ended December 31, 2012

Note 1 - Summary of Significant Accounting Policies

Nature of Activities

The mission of United Way of Kankakee County, Inc. is to improve, consistently and measurably, the quality of life for all the people of Kankakee and Iroquois Counties 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 assets 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 are 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 second 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 expensed was \$11,770 for national dues and \$1,290 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, 2012

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 2009, 2010, and 2011 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 - Restricted Net Assets

Details of the Organization's restricted net assets at December 31, 2013 are as follows:

Temporarily restricted net assets:

Restricted for agencies assisting individuals living in Iroquois County, Illinois	<u>\$1,000,000</u>
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Note 3 - 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 \$215,161 at December 31, 2012.

Note 4 - Community Foundation Deposit

Funds of \$48,494 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 2012.

Note 5 - 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. This management agreement with MCQ3 was terminated as of April 30, 2012. The agreement required monthly payments of \$13,635 for these services for a total payment of \$54,540.

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.

United Way of Kankakee County, Inc.
Notes to Financial Statements
As of and for the year ended December 31, 2012

Note 6 - Subsequent Events

Management has evaluated subsequent events through November 13, 2013, the date on which the financial statements were available to be issued.

United Way of Kankakee County, Inc.
Schedule of Awards – Cash Basis
As of and For the Year Ended December 31, 2012

Agency allocations:

American Red Cross	\$ 43,754
Aunt Martha's	7,930
Boy Scouts of America	5,205
Catholic Charities	62,718
Center of Hope	19,043
Child Network	19,203
Childcare Resource & Referral	5,359
Easter Seals	12,119
Good Shepherd Manor	18,756
Harbor House	23,153
Hospice of Kankakee Valley	3,791
John R. Tate Advocacy Center	25,894
K.C.C./ALIVE	9,618
K.C.-C.A.S.A.	46,641
Kankakee County Community Services	55,330
Helen Wheeler Center for Community Mental Health	50,005
Options – C.I.L.	14,471
Prairie State Legal Aid	26,874
Salvation Army	57,201
Trailways Girl Scout Council	3,551
United Cerebral Palsy	11,061
Y.M.C.A.	40,015
Y.W.C.A.	<u>56,808</u>
	618,500

Donor Designated:

Other	<u>9,747</u>
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Total Awards	<u>\$628,247</u>
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