

GREATER GALLATIN UNITED WAY, INC.

AUDITED FINANCIAL STATEMENTS

June 30, 2011 and 2010



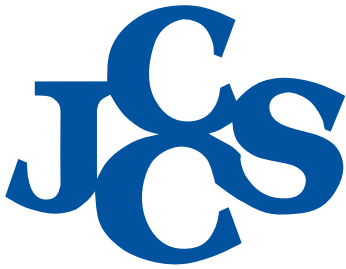
Junkermier • Clark

Campanella • Stevens • P.C.

Certified Public Accountants and Business Advisors

**GREATER GALLATIN UNITED WAY, INC.
CONTENTS**

AUDITED FINANCIAL STATEMENTS	<u>Page</u>
Independent auditors' report	3
Statements of financial position	4
Statement of activities (2011)	5
Statement of activities (2010)	6
Statements of cash flows	7
Statement of functional expenses (2011)	8
Statement of functional expenses (2010)	9
Notes to financial statements	10 - 19



**Junkermier • Clark
Campanella • Stevens • P.C.**

220 West Lamme, Suite 3A
P.O. Box 1965
Bozeman, MT 59771-1965
Ph. (406) 587-1277
Fx. (406) 587-8794
www.jccsca.com

Certified Public Accountants • Business Advisors

**To the Board of Directors
Greater Gallatin United Way, Inc.
Bozeman, Montana**

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statements of financial position of Greater Gallatin United Way, Inc. (a nonprofit organization), as of June 30, 2011 and 2010, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of Greater Gallatin United Way, Inc.'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 Greater Gallatin United Way, Inc., as of June 30, 2011 and 2010, 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.

Junkermier, Clark, Campanella, Stevens, P.C.

Bozeman, Montana
September 7, 2011

**GREATER GALLATIN UNITED WAY, INC.
STATEMENTS OF FINANCIAL POSITION**

ASSETS

	June 30	
	2011	2010
CURRENT ASSETS		
Cash	\$ 177,186	\$ 193,356
Investments	446,900	399,250
Pledges receivable, net of uncollectible allowance of \$22,000 and \$30,000, respectively	148,691	116,619
	772,777	709,225
FIXED ASSETS		
Machinery, furniture and equipment	18,442	18,442
Less: accumulated depreciation	(18,442)	(18,442)
	-	-
ENDOWMENT INVESTMENTS		
	294,793	242,998
OTHER ASSETS		
Rent deposit	1,354	1,354
Totals	\$ 1,068,924	\$ 953,577

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accrued liabilities	\$ 19,707	\$ 1,397
Accrued compensated absences	8,864	7,818
Accrued allocations	479,039	425,000
Accrued designations	3,514	5,315
	511,124	439,530
NET ASSETS		
Unrestricted	154,140	246,253
Temporarily restricted	155,762	19,896
Permanently restricted	247,898	247,898
	557,800	514,047
Totals	\$ 1,068,924	\$ 953,577

See notes to financial statements.

GREATER GALLATIN UNITED WAY, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
SUPPORT REVENUE				
Contributions	\$ 565,461	\$ 4,584	\$ -	\$ 570,045
Grants	56,000	241,000	-	297,000
Less: Uncollected pledges	(7,862)	-	-	(7,862)
Less: Designations	(3,514)	-	-	(3,514)
	<u>610,085</u>	<u>245,584</u>	<u>-</u>	<u>855,669</u>
REVENUE				
Interest and dividend income	13,083	6,847	-	19,930
Tutoring fees	16,725	-	-	16,725
KidsLINK parent fees	118,987	-	-	118,987
Other income	1,251	-	-	1,251
Proceeds from Montana Community Foundation	11,631	-	-	11,631
Proceeds from training collaborative	1,108	-	-	1,108
Service fees	536	-	-	536
In-kind donations	55,682	-	-	55,682
Net investment income (loss)	39,768	40,048	-	79,816
	<u>258,771</u>	<u>46,895</u>	<u>-</u>	<u>305,666</u>
SATISFACTION OF PROGRAM RESTRICTIONS				
	<u>156,613</u>	<u>(156,613)</u>	<u>-</u>	<u>-</u>
Total support, revenues, and satisfaction of program restrictions	<u>1,025,469</u>	<u>135,866</u>	<u>-</u>	<u>1,161,335</u>
EXPENSES				
Allocations	626,263	-	-	626,263
Functional expenses				
Program	330,834	-	-	330,834
Fundraising	77,831	-	-	77,831
Management	82,654	-	-	82,654
	<u>1,117,582</u>	<u>-</u>	<u>-</u>	<u>1,117,582</u>
CHANGE IN NET ASSETS				
	(92,113)	135,866	-	43,753
Net assets, beginning of year	<u>246,253</u>	<u>19,896</u>	<u>247,898</u>	<u>514,047</u>
NET ASSETS, end of year	<u>\$ 154,140</u>	<u>\$ 155,762</u>	<u>\$ 247,898</u>	<u>\$ 557,800</u>

See notes to financial statements.

GREATER GALLATIN UNITED WAY, INC.
STATEMENT OF ACTIVITIES
Year Ended June 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
SUPPORT REVENUE				
Contributions	\$ 632,504	\$ -	\$ -	\$ 632,504
Grants	86,000	65,777	-	151,777
Less: Uncollected pledges	(17,887)	-	-	(17,887)
Less: Designations	<u>(5,315)</u>	<u>-</u>	<u>-</u>	<u>(5,315)</u>
Total support	<u>695,302</u>	<u>65,777</u>	<u>-</u>	<u>761,079</u>
REVENUE				
Interest and dividend income	17,855	-	-	17,855
Other income	3,639	-	-	3,639
Proceeds from Montana Community Foundation	12,198	-	-	12,198
Service fees	1,462	-	-	1,462
In-kind donations	52,151	-	-	52,151
Net investment income (loss)	<u>58,435</u>	<u>-</u>	<u>-</u>	<u>58,435</u>
Total revenue	<u>145,740</u>	<u>-</u>	<u>-</u>	<u>145,740</u>
SATISFACTION OF PROGRAM RESTRICTIONS	<u>60,863</u>	<u>(60,863)</u>	<u>-</u>	<u>-</u>
Total support, revenues, and satisfaction of program restrictions	<u>901,905</u>	<u>4,914</u>	<u>-</u>	<u>906,819</u>
EXPENSES				
Allocations	497,535	-	-	497,535
Functional expenses				
Program	208,991	-	-	208,991
Fundraising	34,111	-	-	34,111
Management	<u>87,079</u>	<u>-</u>	<u>-</u>	<u>87,079</u>
Total expenses	<u>827,716</u>	<u>-</u>	<u>-</u>	<u>827,716</u>
CHANGE IN NET ASSETS	74,189	4,914	-	79,103
Net assets, beginning of year	<u>172,064</u>	<u>14,982</u>	<u>247,898</u>	<u>434,944</u>
NET ASSETS, end of year	<u>\$ 246,253</u>	<u>\$ 19,896</u>	<u>\$ 247,898</u>	<u>\$ 514,047</u>

See notes to financial statements.

**GREATER GALLATIN UNITED WAY, INC.
STATEMENT OF CASH FLOWS**

	Year ended June 30	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 43,753	\$ 79,103
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized loss/(gain) and investments income	(79,816)	(58,435)
(Increase) decrease in:		
Grants receivable	-	7,406
Pledges receivable	(32,072)	46,661
Increase (decrease) in:		
Accrued liabilities	18,310	666
Accrued compensated absences	1,046	88
Accrued allocations	54,039	(30,000)
Accrued designations	(1,801)	(4,678)
	<u>3,459</u>	<u>40,811</u>
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		
Net purchase of investments	(19,629)	-
Investments to cash	-	10,967
	<u>(19,629)</u>	<u>10,967</u>
Net cash provided (used) by investing activities	<u>(19,629)</u>	<u>10,967</u>
NET INCREASE (DECREASE) IN CASH	(16,170)	51,778
Cash at beginning of year	<u>193,356</u>	<u>141,578</u>
CASH AT END OF YEAR	<u>\$ 177,186</u>	<u>\$ 193,356</u>

See notes to financial statements.

GREATER GALLATIN UNITED WAY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2011

	<u>kidsLINK PROGRAM</u>	<u>VOLUNTEER CONNECTIONS</u>	<u>COMMUNITY SUPPORT</u>	<u>TOTAL PROGRAMS</u>	<u>FUND DEVELOPMENT</u>	<u>MANAGEMENT</u>	<u>TOTALS</u>
Bank charges	\$ 5	\$ -	\$ -	\$ 5	\$ 2,492	\$ 536	\$ 3,033
Contract services	3,250	3,950	1,000	8,200	-	8,860	17,060
Curriculum	2,329	-	244	2,573	-	-	2,573
Fair share	1,659	-	2,213	3,872	1,229	1,045	6,146
Insurance	429	-	456	885	249	2,181	3,315
Investment fees	-	-	-	-	7,800	5,233	13,033
KidsLINK program expense	118,987	-	-	118,987	-	-	118,987
Maintenance and repairs	3,254	3,000	555	6,809	1,883	1,444	10,136
Marketing	86	196	19,926	20,208	28,530	2,493	51,231
Meetings	90	-	3,863	3,953	3,325	2,468	9,746
Rent and utilities	13,988	-	4,678	18,666	4,937	3,941	27,544
Personnel costs	67,072	2,684	71,171	140,927	25,324	51,408	217,659
Postage	173	-	51	224	953	110	1,287
Supplies	756	8	1,529	2,293	829	2,772	5,894
Travel and training	<u>2,239</u>	<u>45</u>	<u>948</u>	<u>3,232</u>	<u>280</u>	<u>163</u>	<u>3,675</u>
	<u>\$ 214,317</u>	<u>\$ 9,883</u>	<u>\$ 106,634</u>	<u>\$ 330,834</u>	<u>\$ 77,831</u>	<u>\$ 82,654</u>	<u>\$ 491,319</u>

See notes to financial statements.

GREATER GALLATIN UNITED WAY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2010

	<u>kidsLINK PROGRAM</u>	<u>VOLUNTEER CONNECTIONS</u>	<u>COMMUNITY SUPPORT</u>	<u>TOTAL PROGRAMS</u>	<u>FUND DEVELOPMENT</u>	<u>MANAGEMENT</u>	<u>TOTALS</u>
Bank charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,156	\$ 2,156
Contract services	561	682	173	1,416	266	6,865	8,547
Curriculum	14,022	-	1,469	15,491	-	-	15,491
Fair share	1,685	-	2,248	3,933	738	1,475	6,146
Insurance	565	-	600	1,165	218	2,422	3,805
Investment fees	-	-	-	-	-	12,674	12,674
Maintenance and repairs	499	460	85	1,044	279	5,638	6,961
Marketing	184	420	42,716	43,320	5,648	5,700	54,668
Meetings	4	-	161	165	-	869	1,034
Rent and utilities	13,137	-	4,393	17,530	3,286	6,574	27,390
Personnel costs	56,984	2,280	60,467	119,731	20,377	42,429	182,537
Postage	511	-	151	662	736	74	1,472
Supplies	678	7	1,371	2,056	2,563	203	4,822
Travel and training	<u>1,717</u>	<u>34</u>	<u>727</u>	<u>2,478</u>	<u>-</u>	<u>-</u>	<u>2,478</u>
	<u>\$ 90,547</u>	<u>\$ 3,883</u>	<u>\$ 114,561</u>	<u>\$ 208,991</u>	<u>\$ 34,111</u>	<u>\$ 87,079</u>	<u>\$ 330,181</u>

See notes to financial statements.

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations:

Greater Gallatin United Way, Inc. (the Organization) is a nonprofit agency organized to identify and prioritize human service issues; then garner and distribute resources to make an impact on those issues. The Organization serves people in Park, Madison, Meagher and Gallatin County, Montana. The Agency was incorporated with the State of Montana on December 19, 1978. The governing board consists of an elected president, and elected members of the board of directors. The Organization is supported primarily through contributions from an annual campaign.

Program Services:

The Organization focuses on improving lives in three areas: Health, Education, and Income. Organization resources and activities are invested utilizing a strategic plan that directs the Organization to provide leadership when warranted, convene community dialogue, assess human service needs, prioritize issues, and conduct surveys. Funds raised are then invested in programs and initiatives that provide solutions to issues; outcomes are evaluated and results communicated. The community participates at all levels through giving, advocating, and volunteering.

Greater Gallatin United Way kidsLINK, in concert with school districts, created and sustains 21 quality out-of-school time programs for K-8th graders. With autonomy provided so that each school or district may use their community or neighborhood assets, the overall initiative objectives are to support working families, enhance children's emotional/social well-being, improve children's physical well-being, and supplement children's academic success

Volunteer Connections is a program of the Organization focused on connecting people who want to volunteer with area nonprofits that need volunteers to fulfill their mission. Utilizing an easy-to-use online service, volunteers seeking to help can shop an array of volunteer description postings.

Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting. Contributions are recorded when received, unless susceptible to accrual, and expenses are recognized when incurred. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified as 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 actions of the Organization or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as satisfaction of program restrictions. Restricted revenue is reported as unrestricted if the restrictions are met in the reporting period.

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

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income taxes:

The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and therefore, has made no provision for income taxes. The Organization's tax returns for the years prior to 2007 are generally no longer subject to examination.

Donated services, materials, and facilities:

The financial statements of the Organization reflect in-kind donations as revenues in the period received and as assets, expenses, or decreases of liabilities depending on the type of benefit received. Donations are measured at estimated fair market values. Donations received with donor restrictions for future periods are reported as an increase in net assets.

Contributions of services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Cash and cash equivalents:

For purposes of the cash flow statement, cash includes amounts held in checking and savings accounts as well as certificates of deposit with an original maturity of three months or less.

Property and Equipment:

Property and equipment are recorded at their historical cost, or if donated, at the estimated fair market values at the date of donation based on independent appraisals. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. The Organization capitalizes assets purchased with a useful life of more than one year and purchase price greater than \$2,500. The property and equipment is depreciated using the straight-line method over their estimated useful lives.

Endowment Investments:

Investments with D.A. Davidson 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. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Pledges Receivable:

Pledges receivable are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. The Organization uses an allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Compensated Absences:

The Organization accrues annual leave based upon the employees anniversary date. An employee which separates from the organization is paid for all granted and unused annual leave.

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

2. INVESTMENTS

Effective July 1, 2008, the Organization adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures. ASC 820 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and enhances disclosures about fair value measurements. Fair value is defined under ASC 820 as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under ASC 820 must maximize the use of observable inputs and minimize the use of unobservable inputs.

The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable, and the last unobservable, that may be used to measure fair value, which are the following:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2- Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted market prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs shall be used to measure fair value to the extent that the observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The adoption of ASC 820 did not have a material impact on the Organization's financial position or changes in net assets and its cash flows.

	<u>Cost</u>	<u>Gross Unrealized Gains (Losses)</u>	<u>Fair Value (Level 1)</u>
June 30, 2011:			
Marketable securities:			
Bank insured deposit	\$ 48,354	\$ -	\$ 48,354
Mutual bond funds	208,726	8,838	217,564
Mutual large cap equity fund	7,580	4,891	12,471
Mutual growth funds	29,836	2,328	32,164
I shares - Treasury inflation protected securities	61,876	2,074	63,950
I shares index funds	39,289	5,942	45,231
Mutual equity income fund	18,340	8,826	27,166
	<u>414,001</u>	<u>32,899</u>	<u>446,900</u>

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

2. INVESTMENTS (Continued)

	<u>Cost</u>	<u>Gross Unrealized Gains (Losses)</u>	<u>Fair Value (Level 1)</u>
June 30, 2011 (continued):			
Marketable securities - endowment:			
Bank insured deposit	10,442	-	10,442
Mutual bond funds	64,100	4,059	68,159
Mutual large cap equity fund	5,960	6,425	12,385
Mutual growth funds	41,845	9,201	51,046
I shares - Treasury inflation protected securities	22,236	1,330	23,566
I shares index funds	47,392	12,822	60,214
Mutual mid cap equity fund	5,461	3,925	9,386
Mutual equity income fund	16,966	15,275	32,241
Mutual small cap value fund	22,298	5,056	27,354
	<u>236,700</u>	<u>58,093</u>	<u>294,793</u>
Total Level 1 marketable equity securities	<u>\$ 650,701</u>	<u>\$ 90,992</u>	<u>\$ 741,693</u>
	<u>Cost</u>	<u>Gross Unrealized Gains (Losses)</u>	<u>Fair Value (Level 1)</u>
June 30, 2010:			
Marketable securities:			
Bank insured deposit	\$ 45,500	\$ -	\$ 45,500
Mutual bond funds	168,212	9,051	177,263
Mutual large cap equity fund	7,353	2,426	9,779
Mutual growth funds	24,680	(5,178)	19,502
I shares - Treasury inflation protected securities	73,490	(470)	73,020
I shares index funds	56,629	(6,264)	50,365
Mutual equity income fund	18,515	5,306	23,821
	<u>394,379</u>	<u>4,871</u>	<u>399,250</u>
Marketable securities - endowment:			
Bank insured deposit	3,902	-	3,902
Mutual bond funds	61,414	2,160	63,574
Mutual large cap equity fund	5,840	3,159	8,999
Mutual growth funds	40,311	(1,578)	38,733
I shares - Treasury inflation protected securities	24,840	605	25,445
I shares index funds	58,242	2,249	60,491
Mutual mid cap equity fund	4,190	1,594	5,784
Mutual equity income fund	19,618	10,127	29,745
Mutual small cap value fund	7,204	(879)	6,325
	<u>225,561</u>	<u>17,437</u>	<u>242,998</u>
Total Level 1 marketable equity securities	<u>\$ 619,940</u>	<u>\$ 22,308</u>	<u>\$ 642,248</u>

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

2. INVESTMENTS (Continued)

Components of investment and interest income for the year ended June 30, 2011 and 2010 consist of the following:

	2011	2010
Interest and dividends	\$ 19,930	\$ 17,855
Unrealized gains and (losses)	64,300	49,122
Realized gains and (losses)	15,516	9,313
	\$ 99,746	\$ 76,290

3. PROPERTY AND EQUIPMENT

A summary of property and equipment as of June 30, 2011 and 2010 follows:

Machinery and equipment	\$ 8,197	
Furniture and fixtures	10,245	
		\$ 18,442

4. ENDOWMENT

As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. During the years ended June 30, 2011 and 2010, fees paid for management of endowment funds were \$5,233 and \$4,874, respectively.

Interpretation of Relevant Law

The Board of Directors has interpreted the Montana Uniform Prudent Management of Institutional Funds Act ("MUPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) any accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by MUPMIFA. In accordance with MUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of the Organization and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the Organization; and
- (7) The investment policies of the Organization.

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

4. ENDOWMENT (Continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor of MUPMIFA requires the Organization to retain as a fund of perpetual direction. As of June 30, 2011 and 2010, the endowment fund had such a deficiency of \$0 and \$4,900, respectively.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to operations while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s). The Organization expects its endowment funds, over time, to provide a reasonable level of current income to support the spending policy authorized by the Board of Directors and to grow equity assets. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation including cash equivalents, fixed income, and equity securities to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Endowment and Investment Committee shall review the fiscal yearend account statements and returns of the endowment account and may transfer, to the general operating account, so much of the net income, but not more than five percent (5%) of the total portfolio balance of the account as valued on the last business day of the fiscal year, as they deem necessary and appropriate. Income shall be defined as dividends from stocks and interest from bond funds. In addition, the Board may set aside and transfer to the general operating account or can designate for a project so much of the net appreciation, realized and unrealized, in fair market value of the assets of the endowment funds over historic value. The historic value is the value of all gifts and transfer to the fund as of the date of such transfer. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow. This is consistent with the Organization's objective to preserve the fair value of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Endowment net asset composition by type of fund as of June 30, 2011 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2011 Totals</u>
Donor-restricted endowment funds	\$ -	\$ 46,895	\$ 247,898	\$ 294,793

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

4. ENDOWMENT (Continued)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2011 Totals</u>
Endowment net assets, beginning of year	\$ (4,900)	\$ -	\$ 247,898	\$ 242,998
Investment return:				
Investment income, net	-	6,847	-	6,847
Net appreciation (depreciation)	<u>4,900</u>	<u>40,048</u>	<u>-</u>	<u>44,948</u>
	<u>\$ -</u>	<u>\$ 46,895</u>	<u>\$ 247,898</u>	<u>\$ 294,793</u>

Endowment net asset composition by type of fund as of June 30, 2010 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2010 Totals</u>
Donor-restricted endowment funds	<u>\$ (4,900)</u>	<u>\$ -</u>	<u>\$ 247,898</u>	<u>\$ 242,998</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2010 Totals</u>
Endowment net assets, beginning of year	\$ (34,287)	\$ -	\$ 247,898	\$ 213,611
Investment return:				
Investment income, net	-	5,190	-	5,190
Net appreciation (depreciation)	<u>29,387</u>	<u>(5,190)</u>	<u>-</u>	<u>24,197</u>
	<u>\$ (4,900)</u>	<u>\$ -</u>	<u>\$ 247,898</u>	<u>\$ 242,998</u>

There are also restricted investments held in an endowment fund managed by the Montana Community Foundation (Foundation). The endowment principal may not be accessed by the Organization. However, the Organization receives interest from the endowment investment, which can be used at their discretion or can be reinvested.

The Foundation holds an endowment as of June 30, 2011 and 2010 in the amount of \$333,592 and \$290,701, respectively, in which the Organization is the beneficiary of the interest and dividends less administration fees earned on the Foundation's endowment. The net earnings on the Foundation's endowment is credited to the Organization's endowment with the Foundation every December 31st and June 30th. During the years ended June 30, 2011 and 2010, payments from the Foundation endowment fund totaled \$11,631 and \$12,198, respectively.

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

5. LEASES

The Organization entered into a five-year and one-month lease agreement to rent office space. The lease began on June 1, 2009 and will terminate on June 30, 2014. The monthly lease obligation for fiscal years ending June 30, 2012, 2013, and 2014 is \$1,504, \$1,655, and \$1,805, respectively. The following is a schedule of future lease payments due:

2012	\$ 18,050	
2013	19,855	
2014	<u>21,660</u>	
Total		<u>\$ 59,565</u>

6. RESTRICTIONS ON NET ASSETS

The Organization's board of directors has also chosen to place limitations on a portion of the unrestricted net assets. The following is a listing of the unrestricted, temporarily restricted, and permanently restricted net assets:

	<u>2011</u>	<u>2010</u>
Unrestricted		
Board designated	\$ 247,253	\$ 172,064
Undesignated	<u>(93,113)</u>	<u>74,189</u>
Total unrestricted	154,140	246,253
Temporarily restricted	155,762	19,896
Permanently restricted	<u>247,898</u>	<u>247,898</u>
Total net assets	<u>\$ 557,800</u>	<u>\$ 514,047</u>

Temporarily restricted net assets is comprised of the following as of June 30:

	<u>2011</u>	<u>2010</u>
4H Curriculum	\$ -	\$ 431
Early childhood projects	-	866
kidsLINK	-	12,376
Gilhousen Family Foundation	105,000	-
MOST	1,600	-
School readiness	2,267	6,223
Unreleased endowment investment earnings	<u>46,895</u>	<u>-</u>
Totals	<u>\$ 155,762</u>	<u>\$ 19,896</u>

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

7. DONATED SERVICES, MATERIALS, AND FACILITIES

The following in-kind donations were recognized as expenses for the years ended June 30:

	2011	2010
Marketing	\$ 29,998	\$ 36,268
Investment fees	7,800	7,800
Meetings	8,070	-
Rent	5,415	5,415
Repairs and maintenance	-	1,368
Supplies	539	-
Contract services	3,860	1,300
	\$ 55,682	\$ 52,151

8. CONCENTRATION OF CREDIT RISK

The Organization receives a significant portion of its annual revenue from several local entities. If the funds from those groups were not provided it would adversely affect the operations of the Organization. However, the Organization does not feel the support will be withheld based on the positive ongoing relationships.

9. RETIREMENT PLAN

In January 2004, the Organization adopted a Savings Incentive Match Plan for Employees (SIMPLE). All employees who are 21 years old and have been employed with the Organization two out of the five previous years and earned at least \$5,000 are eligible to participate in the plan. According to the plan, the Organization will match each participant's elective salary deferrals, dollar for dollar, up to 3% of each participant's compensation. Participants may direct their investments among the funds offered by the plan. During the years ended June 30, 2011 and 2010, the Organization made a matching contribution of \$2,585 and \$3,068, respectively, to the SIMPLE plan.

10. OVERHEAD RATIO

The following overhead (fundraising) ratio is equal to fundraising, management, and general expenses divided by total campaign support and all other revenue sources. The ratio is calculated below using the net method recommended in functional expenses and overhead reporting guidelines for United Ways, United Way of America, 2003.

	2011	2010
Numerator: Fundraising and management expense, and payments to affiliates	\$ 160,485	\$ 121,190
Denominator: Total support and revenue, excluding in-kind donations and unrealized gains (losses) on investments	\$ 1,041,353	\$ 805,545
Add: Designations	3,514	5,315
	\$ 1,044,867	\$ 810,860
Numerator/denominator expressed as a percent	15.4 %	14.9 %

GREATER GALLATIN UNITED WAY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

11. GRANTS

GALLATIN COUNTY 4-H FOUNDATION

During the years ended June 30, 2011 and 2010, the Organization received a grant of \$30,000 from the Gallatin County 4-H Foundation (Gilhousen Family Foundation) for kidsLINK after school program, which all had been expended in accordance with the grant during each year.

21ST CENTURY COMMUNITY LEARNING CENTER GRANT

During the years ended June 30, 2011 and 2010, the Organization received a grant of \$91,000 and \$86,000, respectively, from the Montana Office of Public Instruction to fund a program director and add curriculum to primarily serve the Bozeman kidsLINK sites. The grant is an expense reimbursement grant.

GILHOUSEN FAMILY FOUNDATION

During the year ended June 30, 2011, the Organization received a grant for \$105,000 from the Gilhousen Family Foundation, to cover the administrative overhead expenses of the organization for the 2011-2012 fiscal year so that the majority of other donor contributions would go to program services of Greater Gallatin United Way and their funded partners.

MOUNTAIN SKY GUEST RANCH FUND

During the year ended June 30, 2011, the Organization received a grant of \$25,000 from Mountain Sky Guest Ranch Fund for kidsLINK after school programs, which all had been expended in accordance with the grant during the year.

YELLOWSTONE CLUB COMMUNITY FOUNDATION

During the year ended June 30, 2011, the Organization received a grant of \$10,000 from the Yellowstone Club Community Foundation for kidsLINK after school programs, which all had been expended in accordance with the grant during the year.

GARDNER C. WAITE FOUNDATION

During the year ended June 30, 2010, the Organization received a grant of \$3,175 from the Gardner C. Waite Foundation for kidsLINK after school program, which all had been expended during the year.

12. RECLASSIFICATION

Certain accounts in the 2010 financial statements have been reclassified for comparative purposes with the 2011 financial statements.

13. SUBSEQUENT EVENTS

Date of Management Evaluation

Management has evaluated subsequent events through September 7, 2011, the date on which the financial statements were available to be issued.