
INDIANA ASSOCIATION OF
UNITED WAYS, INC.
FINANCIAL STATEMENTS
Together with Independent Auditors' Report
DECEMBER 31, 2010

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Indiana Association of United Ways, Inc.:

We have audited the accompanying statement of financial position of Indiana Association of United Ways, Inc. (the Association), an Indiana not-for-profit corporation, as of December 31, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Indiana Association of United Ways, Inc.'s 2009 financial statements and, in our report dated May 27, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. 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 Indiana Association of United Ways, Inc. as of December 31, 2010, and the changes in its net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

Greenwalt CPAs, Inc.

June 3, 2011

INDIANA ASSOCIATION OF UNITED WAYS, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2010 WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2009

<u>ASSETS</u>				
	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>2010 TOTAL</u>	<u>2009 TOTAL</u>
CURRENT ASSETS				
Cash and cash equivalents	\$ (402,229)	\$ 8,623,740	\$ 8,221,511	\$ 23,072,048
SECC cash (Note 2)	363,417	-	363,417	356,041
Short-term investments	2,516,219	5,534,839	8,051,058	10,957,153
Due from SECC	24,100	-	24,100	24,037
Grants and accounts receivable	88,451	413,993	502,444	48,633
Interest receivable	1,126	324	1,450	11,432
Prepaid expenses	22,369	50	22,419	14,293
	<u>2,613,453</u>	<u>14,572,946</u>	<u>17,186,399</u>	<u>34,483,637</u>
<i>Total current assets</i>				
PROPERTY AND EQUIPMENT				
Office equipment	233,902	1,499	235,401	231,082
Less accumulated depreciation	(212,568)	(250)	(212,818)	(210,382)
<i>Property and equipment, net</i>	<u>21,334</u>	<u>1,249</u>	<u>22,583</u>	<u>20,700</u>
	<u>\$ 2,634,787</u>	<u>\$ 14,574,195</u>	<u>\$ 17,208,982</u>	<u>\$ 34,504,337</u>
<i>Total assets</i>				
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	\$ 83,117	\$ 4,471	\$ 87,588	\$ 52,213
SECC funds to be distributed	363,417	-	363,417	356,041
Grants payable (Note 3)	-	6,824,717	6,824,717	19,567,274
	<u>446,534</u>	<u>6,829,188</u>	<u>7,275,722</u>	<u>19,975,528</u>
<i>Total liabilities</i>				
COMMITMENTS (NOTE 7)				
NET ASSETS				
Undesignated	1,610,813	-	1,610,813	1,480,047
Board designated	577,440	-	577,440	560,161
	<u>2,188,253</u>	<u>-</u>	<u>2,188,253</u>	<u>2,040,208</u>
<i>Total unrestricted net assets</i>				
Temporarily restricted	-	7,745,007	7,745,007	12,488,601
	<u>2,188,253</u>	<u>7,745,007</u>	<u>9,933,260</u>	<u>14,528,809</u>
<i>Total net assets</i>				
	<u>\$ 2,634,787</u>	<u>\$ 14,574,195</u>	<u>\$ 17,208,982</u>	<u>\$ 34,504,337</u>
<i>Total liabilities and net assets</i>				

INDIANA ASSOCIATION OF UNITED WAYS, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2010

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>2010 TOTAL</u>	<u>2009 TOTAL</u>
REVENUE				
Grants and contributions	\$ 269,717	\$ 1,706,651	\$ 1,976,368	\$ 5,738,533
IND Fund grant (Note 3)	-	-	-	27,419,917
Membership dues	160,581	-	160,581	167,933
Investment income	20,987	6,548	27,535	193,708
Customized member services/NP&AS	854,989	-	854,989	708,790
Management fees	97,687	-	97,687	100,415
Miscellaneous	722	500	1,222	2,219
	<u>1,404,683</u>	<u>1,713,699</u>	<u>3,118,382</u>	<u>34,331,515</u>
<i>Total revenue</i>				
NET ASSETS RELEASED FROM RESTRICTION				
	<u>6,457,293</u>	<u>(6,457,293)</u>	<u>-</u>	<u>-</u>
EXPENSES				
Grants to members (Note 4)	5,682,598	-	5,682,598	28,468,536
Project development and organization assistance	1,696,298	-	1,696,298	1,583,743
Indiana Afterschool Network	199,574	-	199,574	180,565
Management and general	121,421	-	121,421	128,695
Fundraising	14,040	-	14,040	7,881
	<u>7,713,931</u>	<u>-</u>	<u>7,713,931</u>	<u>30,369,420</u>
<i>Total expenses</i>				
CHANGE IN NET ASSETS	148,045	(4,743,594)	(4,595,549)	3,962,095
NET ASSETS, BEGINNING OF YEAR	2,040,208	12,488,601	14,528,809	10,510,802
TRANSFER IN OF NET ASSETS (NOTE 5)	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,912</u>
NET ASSETS, END OF YEAR	<u>\$ 2,188,253</u>	<u>\$ 7,745,007</u>	<u>\$ 9,933,260</u>	<u>\$ 14,528,809</u>

INDIANA ASSOCIATION OF UNITED WAYS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2010

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>GRANTS TO MEMBERS</u>	<u>PROJECT DEVELOPMENT AND ORGANIZATION ASSISTANCE</u>	<u>INDIANA AFTERSCHOOL NETWORK</u>	<u>TOTAL PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>2010 TOTAL</u>	<u>2009 TOTAL</u>
Salaries and wages	\$ -	\$ 882,505	\$ 135,960	\$ 1,018,465	\$ 62,035	\$ 12,636	\$ 1,093,136	\$ 1,003,559
Employee benefits	-	247,011	-	247,011	20,499	1,099	268,609	235,755
Payroll taxes	-	63,551	574	64,125	4,479	305	68,909	64,431
Temporary clerical labor	-	70,044	-	70,044	-	-	70,044	97,624
Supplies	-	20,696	4,924	25,620	1,078	-	26,698	45,621
Telephone	-	14,468	2,397	16,865	726	-	17,591	20,188
Postage and shipping	-	22,015	85	22,100	1,678	-	23,778	18,466
Occupancy	-	59,288	5,339	64,627	2,624	-	67,251	58,754
Printing and publications	-	10,086	4,621	14,707	1,274	-	15,981	18,497
Information services	-	3,176	419	3,595	682	-	4,277	7,108
Travel	-	14,224	15,087	29,311	595	-	29,906	25,218
Meetings	-	56,702	5,143	61,845	143	-	61,988	50,590
Organized dues and registration fees	-	3,077	-	3,077	405	-	3,482	3,669
Insurance	-	8,326	-	8,326	2,991	-	11,317	10,174
Professional services	-	188,501	9,285	197,786	21,620	-	219,406	108,752
Depreciation	-	13,819	250	14,069	592	-	14,661	21,347
Grant services (IND Fund)	-	18,809	-	18,809	-	-	18,809	76,217
Grants (Note 4)	5,682,598	-	15,490	5,698,088	-	-	5,698,088	28,503,450
<i>Total functional expenses</i>	<u>\$ 5,682,598</u>	<u>\$ 1,696,298</u>	<u>\$ 199,574</u>	<u>\$ 7,578,470</u>	<u>\$ 121,421</u>	<u>\$ 14,040</u>	<u>\$ 7,713,931</u>	<u>\$ 30,369,420</u>

DECREASE IN CASH AND CASH EQUIVALENTS

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from members and grantors	\$ 2,602,334	\$ 6,804,350
Cash received for purposes of others (Andar User Group)	-	55,912
Cash paid for IND Fund grants	(15,283,181)	(18,013,966)
Cash paid for 4Community2 and other grants	(3,157,464)	(3,941,518)
Cash paid to suppliers and employees	(1,939,294)	(1,875,100)
Investment income	58,215	258,075
	<u> </u>	<u> </u>
<i>Net cash and cash equivalents used in operating activities</i>	<u>(17,719,390)</u>	<u>(16,712,247)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (increase) decrease in short-term investments	2,885,398	(2,330,096)
Purchase of equipment	(16,545)	-
Proceeds from sale of property and equipment	-	1,025
	<u> </u>	<u> </u>
<i>Net cash and cash equivalents provided by (used in) investing activities</i>	<u>2,868,853</u>	<u>(2,329,071)</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(14,850,537)	(19,041,318)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>23,072,048</u>	<u>42,113,366</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 8,221,511</u></u>	<u><u>\$ 23,072,048</u></u>

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH AND
 CASH EQUIVALENTS USED IN OPERATING ACTIVITIES

	<u>2010</u>	<u>2009</u>
CHANGE IN NET ASSETS	\$ (4,595,549)	\$ 3,962,095
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES		
Depreciation expense	14,661	21,347
Gain on sale of property and equipment	-	(1,025)
Loss on investments	20,698	11,851
Transfer in of net assets	-	55,912
<i>(Increase) decrease in operating assets:</i>		
Grants and accounts receivable	(453,811)	89,865
Interest receivable	9,982	52,516
Due from SECC	(63)	(2,110)
Prepaid expenses	(8,126)	6,609
<i>Increase (decrease) in operating liabilities:</i>		
Accounts payable and accrued liabilities	35,375	(37,357)
Grant funds not committed	-	(27,419,917)
Grants payable	(12,742,557)	6,547,967
<i>Total adjustments</i>	<u>(13,123,841)</u>	<u>(20,674,342)</u>
NET CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES	<u>\$ (17,719,390)</u>	<u>\$ (16,712,247)</u>

INDIANA ASSOCIATION OF UNITED WAYS, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF ORGANIZATION

The Indiana Association of United Ways is a member association of United Ways in Indiana (including United Funds). The mission is: bringing Indiana United Ways together to help them create a successful future. This is delivered in three strategies:

- **Community** – *building a network of local United Ways/Funds in Indiana to increase their learning and collective achievement.*
- **Performance** – *creating and delivering tools and resources increasing members' capacity to serve their community, including Nonprofit Processing and Accounting Services (NP&AS). NP&AS is a program of the Association that provides fee-based business processing services for United Ways. Available services include general ledger accounting and financial reporting, campaign support and pledge processing, and technology hosting. NP&AS services are designed to improve members' accountability and operating efficiency, reduce members' problems and costs associated with staff turnover, and reduce members' business processing costs such that they can be sustained by the users. NP&AS's business processing services are delivered to all clients so that they can meet current legal, professional, and industry standards of accountability and transparency.*
- **Advocacy** – *representing United Ways to external audiences that contribute to United Way effectiveness and presenting education, income and health learning and practice to members.*

The Association serves as the fiscal agent or grantee for significant grants and programs that further the mission of its members. In 2010 the Indiana Afterschool Network renewed its grant support and extended its service more broadly in the state. The Association makes grants to four members to conduct and facilitate nonprofit training in four defined regions through the Indiana Nonprofit Resource Network (NRN).

BASIS OF PRESENTATION

The accompanying financial statements were prepared on the accrual basis of accounting. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SUMMARIZED COMPARATIVE INFORMATION

The financial statements include certain prior year summarized comparative information in total, but not by net asset class and functional expense class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2009, from which the summarized information was derived.

INDIANA ASSOCIATION OF UNITED WAYS, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of checking and savings accounts. Cash equivalents are stated at cost, which approximates fair value and consists of amounts on deposit in the Fifth Third Government Money Market Account.

GRANTS AND ACCOUNTS RECEIVABLE

Contributions are recognized when a donor makes an unconditional promise to give and are recorded at their fair values as revenues and assets in the period received.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Accounts receivable are uncollateralized obligations due under normal trade terms requiring payment within 30 days from the invoice date. Accounts receivable are stated at the amount billed to customers. Account balances with invoices dated over 90 days old are considered delinquent. Payments of accounts receivable are allocated to the specific invoices identified on the remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

Accounts receivable are reported at the amount management expects to collect on balances outstanding at year-end. Management closely monitors outstanding balances and writes off all balances that are not considered collectible.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Donated property and equipment is recorded at fair value. The Association's capitalization policy is \$1,000 for assets purchased with an estimated useful life of three years or more. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Estimated useful lives range from 3 to 10 years.

NET ASSETS

The financial statements have been prepared in accordance with Accounting Standards for the Presentation of Financial Statements of Not-For-Profit Organizations. These standards require the Association to report information regarding its net assets, revenue, and other changes in net assets according to class. The Association utilizes the following classes of net assets:

Unrestricted

These include revenue and expenses from the regular operations of the Association, which are at the discretion of management and the Board of Directors. The Board has a reserve policy that sets 25% of the Association's annual operational expense budget aside for unanticipated needs or changes in the economic environment. Board designated reserve was \$577,440 and \$560,161 as of December 31, 2010 and 2009.

INDIANA ASSOCIATION OF UNITED WAYS, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Temporarily Restricted

These include contributions used to meet expenses of current operations in accordance with restrictions specified by the contributor. 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. Temporarily restricted net assets were \$7,745,007 and \$12,488,601, respectively, for the years ended December 31, 2010 and 2009. See Note 5.

EXPENSE ALLOCATION

Expenses have been classified as program, management and general, and fundraising based on the actual direct expenditures and cost allocation based on estimates of time and usage by Association personnel and programs.

FAIR VALUE MEASUREMENTS

Accounting Standards for Fair Value Measurement define fair value as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Those standards also establish a three-level fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, giving highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements).

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

INDIANA ASSOCIATION OF UNITED WAYS, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Fair values measured on a recurring basis at December 31, 2010 and 2009 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
2010				
Short-term certificates of deposit	\$ 249,975	\$ 249,975	\$ -	\$ -
Money market	7,801,083	7,801,083	-	-
	<u>\$ 8,051,058</u>	<u>\$ 8,051,058</u>	<u>\$ -</u>	<u>\$ -</u>
2009				
Short-term certificates of deposit	\$ 3,251,572	\$ 3,251,572	\$ -	\$ -
Money market	7,705,581	7,705,581	-	-
	<u>\$ 10,957,153</u>	<u>\$ 10,957,153</u>	<u>\$ -</u>	<u>\$ -</u>

INVESTMENTS

Consistent with Accounting Standards for Investments Held by Not-for-Profits, investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position. Unrealized gains and losses are based on the differences between cost and fair value of each classification of security and are reported in the statement of activities.

As of December 31, 2010 investments consisted of a certificate of deposit with maturity in February 2011 and money market funds. The certificate of deposit is insured up to the FDIC limits. The cost of investments was \$8,051,083 and \$10,955,581 at December 31, 2010 and 2009, respectively.

Investment income consisted of the following for the years ended December 31:

	<u>2010</u>	<u>2009</u>
Interest and dividend income	\$ 48,233	\$ 205,559
Change in unrealized gain	(1,597)	(11,851)
Realized loss	(19,101)	-
	<u>\$ 27,535</u>	<u>\$ 193,708</u>

INDIANA ASSOCIATION OF UNITED WAYS, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

CONCENTRATION OF CREDIT RISK

The Association maintains its cash deposits with financial institutions. The demand deposit accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2010, cash deposits exceeded the insured limit.

Approximately 42% of the Association's total support and revenue was derived from one grantor in 2010, including temporarily restricted grants. In 2009 the same grantor comprised 96% of total support and revenue.

TAX STATUS

The Association is a non-profit corporation, exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

Accounting Standards for Income Taxes provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an enterprise's financial statements. The Association regularly evaluates its activities to determine that they are in compliance with its tax-exempt purposes. The Association's management does not believe it is engaged in any activities that would create uncertain tax positions. All tax periods prior to 2007 are no longer subject to examination.

SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through June 3, 2011, which is the date the financial statements were available to be issued.

2. STATE EMPLOYEES COMMUNITY CAMPAIGN

The Association has an agreement with the State of Indiana to act as fiscal agent and campaign manager for the proceeds of the State Employees Community Campaign (SECC). The Association is to distribute these funds to recipient charitable associations based on an approved distribution system. Cash held by the Association, to be distributed on behalf of the SECC, was \$363,417 and \$356,041 at December 31, 2010 and 2009, respectively. The following is a summary of cash activity during the calendar year for the State Employees Community Campaign, relative to the campaign years 2010 and 2009.

INDIANA ASSOCIATION OF UNITED WAYS, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

2. STATE EMPLOYEES COMMUNITY CAMPAIGN, CONTINUED

	<u>SECC Cash Activity</u>	
	<u>2010</u>	<u>2009</u>
SECC cash balance		
January 1	\$ 356,041	\$ 338,921
Cash received:		
SECC pledges	1,114,617	1,119,488
Interest income	1,374	2,317
Total cash received	<u>1,115,991</u>	<u>1,121,805</u>
Cash disbursed:		
Charitable Associations	(1,014,183)	(1,007,870)
Management fees	(94,432)	(96,815)
Total cash disbursed	<u>(1,108,615)</u>	<u>(1,104,685)</u>
SECC cash balance		
December 31	<u>\$ 363,417</u>	<u>\$ 356,041</u>

	<u>2009 Campaign Activity</u>
Pledges received in 2009 and contributions received in 2010	\$ 1,201,485
Interest income in 2010	1,374
Management fee paid in 2010	(94,432)
Provision for uncollectible	(90,463)
Distributions – accrual basis	<u>(1,017,964)</u>
Net 2009 campaign activity	<u>\$ -</u>

3. INDIANA NATURAL DISASTER FUND

During 2008, Lilly Endowment, Inc. donated \$45,000,000 to the Association for Indiana disaster relief and recovery efforts. According to the grant agreement, the Association had until June 2010 to disburse the funds in the form of grants. In 2009, Lilly granted an extension to May 2011. Subsequent to year-end, the Association is in negotiations to extend the grant through the end of 2011. At December 31, 2009, the Association had fully committed all grant funds. As of December 31, 2010 and 2009, the Association had grants payable of \$6,824,717 and \$19,256,292, respectively, that have been included in grants payable on the Statement of Financial Position.

INDIANA ASSOCIATION OF UNITED WAYS, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

4. FUNCTIONAL EXPENSES

Program and supporting service expenses are as follows:

	2010			
	<u>Grants to Members</u>	<u>Project Development and Association Assistance</u>	<u>Supporting Services</u>	<u>Total</u>
IND Fund	\$ 2,851,606			
4Community2	1,478,843			
1010 Grant Program	846,786			
Indiana 211 Partnership, Inc.	100,000			
Nonprofit Resource Network (NRN)	<u>405,363</u>			
Grants to members	\$ 5,682,598	\$ -	\$ -	\$ 5,682,598
Community	-	134,323	-	134,323
Performance	-	1,356,768	-	1,356,768
Advocacy	-	205,207	-	205,207
Management & General	-	-	121,421	121,421
Fundraising	-	-	5,400	5,400
Indiana Afterschool Network	-	<u>199,574</u>	<u>8,640</u>	<u>208,214</u>
Total	<u>\$ 5,682,598</u>	<u>\$ 1,895,872</u>	<u>\$ 135,461</u>	<u>\$ 7,713,931</u>

During 2010, the Association re-configured the strategies used to deliver its mission. Therefore, the detailed break-out of functional expenses would not be comparative between 2009 and 2010, and the 2009 break-out has been excluded.

INDIANA ASSOCIATION OF UNITED WAYS, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

5. TEMPORARILY RESTRICTED NET ASSETS AND NET ASSETS RELEASED

Temporarily restricted net assets consisted of the following for the years ended December 31:

	<u>2010</u>	<u>2009</u>
Andar User Group	\$ 28,156	\$ 39,998
4Community2	-	3,336,223
2009 Operating Support	-	34,077
2010 Operating Support	14,714	1,200,000
2011 Operating Support	1,200,000	-
1010 Grant Program	5,520,125	4,500,000
Indiana Afterschool Network	654,990	147,564
IND Fund	327,022	3,230,739
	<u>\$ 7,745,007</u>	<u>\$ 12,488,601</u>

During 2009, the Association began managing the funds of the Andar User Group. As a result, the Group transferred \$55,912 in cash to the Association to be used to pay for Andar software enhancements. The enhancements which are funded are decided by an Association staff member in consultation with her peers in the Group.

Temporarily restricted net assets released from restriction for the year ended December 31 was as follows:

	<u>2010</u>	<u>2009</u>
Grants awarded through 4Community2	\$ 1,469,313	\$ 3,396,636
Grants awarded through NRN	371,286	349,923
Grants awarded through IND Fund	2,909,990	-
Grants awarded for 1010 Grant Program	846,785	-
Grants awarded to IN 211	100,000	100,000
Andar User Group	11,842	-
Indiana Afterschool Network	-	155,262
Other	34,077	15,914
Operating support	714,000	716,000
	<u>\$ 6,457,293</u>	<u>\$ 4,733,735</u>

INDIANA ASSOCIATION OF UNITED WAYS, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

6. RETIREMENT PLAN

The Association has a defined contribution plan covering all employees. The purpose of the Plan is to provide retirement benefits and provide employees with an incentive to make their own contribution to the retirement plan.

The employer matching contribution is equal to 50% of the first 4% of employee contributions, plus an additional contribution equal to 2% of all participants' compensation. The employer's contributions vest 100% at the completion of three years of service. Additional contributions over 4% may be made by a participant but will not be eligible for the matching employer contributions.

The Association has a second defined contribution plan covering all employees who have completed one year of service. The Association contributes 10% of employee's monthly compensation to the plan. These contributions vest 100% at the completion of three years of service. Employees do not contribute to this plan.

Employer contributions for both plans in 2010 and 2009 totaled \$149,328 and \$144,282, respectively.

7. COMMITMENTS

The Association leases office space, pursuant to an operating lease agreement that expires June 30, 2012. Indiana Afterschool Network leased office space under a month-to-month lease that ended in September 2010. Beginning in October 2010 the Association began leasing additional space for Indiana Afterschool Network under a lease that expires in September 2011. Rental expenses for the years ended December 31, 2010 and 2009 were \$67,251 and \$58,754, respectively.

Future minimum lease payments at December 31, 2010 are as follows:

2011	\$	70,705
2012		<u>32,248</u>
	\$	<u>102,953</u>

8. RECLASSIFICATION

In connection with the 2009 financial statements, certain revenue items have been reclassified from the prior year presentation to be consistent with the current year presentation. However, there was no effect on net assets at December 31, 2009.