

**United Way of Central West Virginia, Inc.**

**Independent Auditors' Report  
and  
Financial Statements**

**June 30, 2008**

# United Way of Central West Virginia, Inc.

## Table of Contents

	<u>Page</u>
<b>Independent Auditors' Report</b> .....	1
<b>Financial Statements</b>	
Statement of Financial Position .....	2
Statement of Activities .....	3
Statement of Functional Expenses .....	4
Statement of Cash Flows .....	5
Notes to Financial Statements .....	6-13
<b>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b> .....	14-15
<b>Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133</b> .....	16-18
<b>Schedule of Expenditures of Federal Awards</b> .....	19
<b>Schedule of Findings and Questioned Costs</b> .....	20-21

# Herman & Cormany

## Certified Public Accountants, A.C.

---

Accountants & Consultants

### Independent Auditors' Report

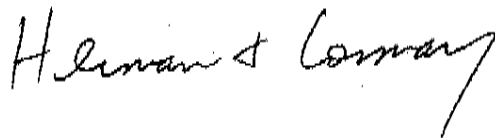
To the Board of Directors  
United Way of Central West Virginia, Inc.  
Charleston, West Virginia

We have audited the accompanying statement of financial position of United Way of Central West Virginia, Inc. (a non-profit organization) as of June 30, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2007 financial statements and, in our report dated November 8, 2007, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of 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 the 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 United Way of Central West Virginia, Inc., as of June 30, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2008, on our consideration of United Way of Central West Virginia, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.



Charleston, West Virginia  
October 31, 2008

---

1031 Quarrier Street, Suite 511 • Charleston, WV 25301-2397 • (304) 345-2320 • (304) 345-2325 fax  
[www.herman-cormanycpas.com](http://www.herman-cormanycpas.com)



**United Way of Central West Virginia, Inc.**

**Statement of Financial Position**

**June 30, 2008, with Comparative Totals  
as of June 30, 2007**

	<u>2008</u>	<u>2007</u> <u>(Restated)</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 473,130	\$ 583,520
Accounts receivable	168,213	169,152
Pledges receivable (net)	990,480	1,034,440
Prepaid expenses	<u>7,407</u>	<u>7,214</u>
<b>Total Current Assets</b>	<u>1,639,230</u>	<u>1,794,326</u>
Land, building, equipment (net)	787,252	829,527
Long-term investments	707,604	754,744
Long-term contributions receivable	<u>507,727</u>	<u>520,025</u>
<b>Total Assets</b>	<u>\$3,641,813</u>	<u>\$3,898,622</u>
 <b>Liabilities</b>		
Accounts payable	\$ 28,772	\$ 26,906
Accrued expenses	62,073	69,795
Capital lease obligation	1,935	-0-
Grant funds received in advance	219,739	196,701
Donor designations	<u>530,490</u>	<u>595,920</u>
<b>Total Current Liabilities</b>	<u>843,009</u>	<u>889,322</u>
<b>Long-term Capital Lease Obligation, less current portion</b>	<u>8,818</u>	<u>-0-</u>
<b>Net Assets</b>		
Unrestricted	1,684,623	1,954,028
Temporarily restricted	<u>1,105,363</u>	<u>1,055,272</u>
<b>Total Net Assets</b>	<u>2,789,986</u>	<u>3,009,300</u>
<b>Total Liabilities and Net Assets</b>	<u>\$3,641,813</u>	<u>\$3,898,622</u>

See independent auditors' report and notes to financial statements.

## United Way of Central West Virginia, Inc.

### Statement of Activities

For the Year Ended June 30, 2008,  
with Comparative Totals for the Year Ended June 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2008 Total</u>	<u>2007 Total (Restated)</u>
<b>Revenues, Gains, and Support</b>				
Pledges				
Total pledges received	\$ -0-	\$ 2,743,703	\$2,743,703	\$2,762,022
Less uncollectible pledges	-0-	(80,518)	(80,518)	(74,431)
Less donor pass through pledges	-0-	(271,067)	(271,067)	(267,972)
Net Pledges	<u>-0-</u>	<u>2,392,118</u>	<u>2,392,118</u>	<u>2,419,619</u>
Administrative fees income	24,577	-0-	24,577	21,831
Investment income	88,352	-0-	88,352	94,435
Net unrealized (loss) gains on long-term investments	(73,161)	-0-	(73,161)	45,372
FEMA income	-0-	-0-	-0-	1,125
Foster grandparents	-0-	454,464	454,464	466,921
Learn & play	-0-	431,843	431,843	390,780
AmeriCorps/Vista	-0-	975,950	975,950	1,087,892
Other grants and programs	-0-	261,160	261,160	278,447
Contributions	46,443	-0-	46,443	53,466
Miscellaneous	34,044	-0-	34,044	31,051
Rent income & equipment fees (net)	28,813	-0-	28,813	30,187
Satisfaction of restrictions	<u>4,465,444</u>	<u>(4,465,444)</u>	<u>-0-</u>	<u>-0-</u>
<b>Total Revenues, Gains and Support</b>	<u>4,614,512</u>	<u>50,091</u>	<u>4,664,603</u>	<u>4,921,126</u>
<b>Expenses and Losses</b>				
Total program costs	4,029,106	-0-	4,029,106	4,005,502
Management and general	472,071	-0-	472,071	472,858
United Way of America dues	26,306	-0-	26,306	24,087
Fundraising	<u>356,434</u>	<u>-0-</u>	<u>356,434</u>	<u>361,104</u>
<b>Total Expenses and Losses</b>	<u>4,883,917</u>	<u>-0-</u>	<u>4,883,917</u>	<u>4,863,551</u>
<b>Change in Net Assets</b>	(269,405)	50,091	(219,314)	57,575
<b>Prior Period Adjustment – Restatement of Defined Benefit Pension Plan Liability</b>				
	-0-	-0-	-0-	(50,000)
<b>Net Assets, Beginning of Year</b>	<u>1,954,028</u>	<u>1,055,272</u>	<u>3,009,300</u>	<u>3,001,725</u>
<b>Net Assets, End of Year</b>	<u>\$1,684,623</u>	<u>\$1,105,363</u>	<u>\$2,789,986</u>	<u>\$3,009,300</u>

See independent auditors' report and notes to financial statements.

## United Way of Central West Virginia, Inc.

### Statement of Functional Expenses

For the Year Ended June 30, 2008,  
with Comparative Totals for the Year Ended June 30, 2007

	<u>Program Costs</u>				
	<u>Retired and Senior Volunteer Program</u>	<u>Foster Grand Parents</u>	<u>Learn &amp; Play</u>	<u>AmeriCorps/ Vista</u>	<u>Other Program Expenses</u>
Salaries	\$ 71,803	\$ 76,180	\$229,041	\$747,292	\$110,222
Payroll Taxes	6,770	7,716	27,560	57,558	9,565
Benefits	<u>14,527</u>	<u>13,079</u>	<u>30,909</u>	<u>55,324</u>	<u>10,435</u>
Total salaries and related expenses	93,100	96,975	287,510	860,174	130,222
Professional fees	-0-	2,110	-0-	-0-	8,709
Outside services	1,600	-0-	104	11,889	815
Participant stipend	-0-	273,677	-0-	-0-	-0-
Communications	2,435	2,703	782	3,667	933
Postage	424	1,062	57	1,657	347
Occupancy	3,880	6,667	87,151	-0-	-0-
Repairs and maintenance	-0-	-0-	990	-0-	10,195
Printing and copying cost	-0-	-0-	187	2,661	382
Travel and meals	7,975	38,598	27,185	30,806	4,554
Conferences and meetings	-0-	23,927	100	-0-	8,214
Miscellaneous and grants	9,918	4,570	16,059	409	1,000
Insurance	1,502	627	-0-	-0-	-0-
Staff development	-0-	-0-	45	32,314	(24)
Allocation to agencies	-0-	-0-	-0-	-0-	-0-
Payments for emergency food and shelter	-0-	-0-	-0-	-0-	-0-
Volunteer recognition	6,524	5,242	40	673	32
Depreciation	-0-	-0-	-0-	-0-	-0-
Dues	-0-	-0-	-0-	-0-	791
Supplies	5,316	3,031	5,796	10,084	9,909
Special Events	-0-	-0-	111	-0-	-0-
Advertising/Promotion	<u>-0-</u>	<u>-0-</u>	<u>269</u>	<u>643</u>	<u>11,537</u>
<b>Total Expenses</b>	<u>\$132,674</u>	<u>\$459,189</u>	<u>\$426,386</u>	<u>\$954,977</u>	<u>\$187,616</u>

See independent auditors' report and notes to financial statements.

		Supporting Activities					
<i>mf</i> Non Profit Services	Planning & Research	Total Program Costs	Management & General	United Way of America Dues	Fund Raising	2008 Total	2007 Total
\$51,032	\$ 29,062	\$1,314,632	\$184,271	\$ -0-	\$185,305	\$1,684,208	\$1,725,341
5,013	2,249	116,431	17,367	-0-	18,558	152,356	152,818
<u>12,683</u>	<u>3,480</u>	<u>140,437</u>	<u>69,303</u>	<u>-0-</u>	<u>23,515</u>	<u>233,255</u>	<u>223,060</u>
68,728	34,791	1,571,500	270,941	-0-	227,378	2,069,819	2,101,219
1,000	-0-	11,819	28,693	-0-	-0-	40,512	40,834
720	29,250	44,378	8,442	-0-	4,652	57,472	30,312
-0-	-0-	273,677	-0-	-0-	-0-	273,677	282,757
1,400	106	12,026	6,765	-0-	2,885	21,676	23,003
563	219	4,329	1,518	-0-	2,836	8,683	11,010
5,153	-0-	102,851	20,456	-0-	3,747	127,054	117,383
1,635	-0-	12,820	30,363	-0-	3,845	47,028	50,350
190	342	3,762	-0-	-0-	17,929	21,691	24,218
237	2,590	111,945	619	-0-	4,110	116,674	111,700
748	-0-	32,989	229	-0-	5,773	38,991	35,398
-0-	-0-	31,956	3,313	-0-	-0-	35,269	25,778
-0-	-0-	2,129	30,580	-0-	-0-	32,709	38,547
-0-	5,144	37,479	23	-0-	1,934	39,436	62,662
-0-	1,714,148	1,714,148	-0-	-0-	-0-	1,714,148	1,631,326
-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,125
-0-	115	12,626	1,371	-0-	3,532	17,529	18,660
-0-	-0-	-0-	61,209	-0-	-0-	61,209	64,110
-0-	515	1,306	1,717	26,306	240	29,569	27,576
418	252	34,806	5,832	-0-	7,973	48,611	89,209
-0-	-0-	111	-0-	-0-	44,569	44,680	36,565
-0-	-0-	<u>12,449</u>	<u>-0-</u>	<u>-0-</u>	<u>25,031</u>	<u>37,480</u>	<u>39,809</u>
<u>\$80,792</u>	<u>\$1,787,472</u>	<u>\$4,029,106</u>	<u>\$472,071</u>	<u>\$26,306</u>	<u>\$356,434</u>	<u>\$4,883,917</u>	<u>\$4,863,551</u>

## United Way of Central West Virginia, Inc.

### Statement of Cash Flows

For the Year Ended June 30, 2008  
with Comparative Totals for the Year Ended June 30, 2007

	<u>2008</u>	<u>2007</u>
<b>Cash Flows From Operating Activities</b>		
Change in assets --	\$ (219,314)	\$ 57,575
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	61,209	66,651
Unrealized loss (gain) on investments	73,161	(45,372)
Decrease in accounts receivable	939	15,011
(Increase) decrease in prepaid expenses	(193)	6,008
Decrease (increase) in contributions receivable	56,258	(275,915)
Decrease in donor designations	(65,430)	(41,257)
Increase (decrease) in accounts payable	1,866	(13,286)
Decrease in accrued expenses	(7,722)	(25,795)
Increase (decrease) in grant funds received in advance	<u>23,038</u>	<u>(46,666)</u>
<b>Net Cash Used In Operating Activities</b>	<u>(76,188)</u>	<u>(303,046)</u>
<b>Cash Flows From Investing Activities</b>		
Purchase of furniture and equipment	(18,934)	(45,803)
Purchase of investments	(219,694)	(183,157)
Sale of investments	<u>193,673</u>	<u>131,388</u>
<b>Net Cash Used In Investing Activities</b>	<u>(44,955)</u>	<u>(97,572)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from issuance of capital lease obligation	11,193	-0-
Payments made on capital lease obligation	<u>(440)</u>	<u>-0-</u>
<b>Net Cash Provided By Financing Activities</b>	<u>10,753</u>	<u>-0-</u>
<b>Net Decrease in Cash</b>	(110,390)	(400,618)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>583,520</u>	<u>984,138</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 473,130</u>	<u>\$ 583,520</u>
<b>Supplemental Disclosures of Cash flow Information:</b>		
Cash paid during the year for interest	<u>\$ 147</u>	<u>\$ -0-</u>

See independent auditors' report and notes to financial statements.

## United Way of Central West Virginia, Inc.

### Notes to Financial Statements

June 30, 2008, with Comparative Totals  
as of June 30, 2007.

#### Note A – Summary of Significant Accounting Policies

Organization – The United Way of Central West Virginia, Inc. is a non-profit, non-stock organization organized under the laws of the State of West Virginia. The Organization was formed to identify needs, develop and mobilize resources and implement programs in a manner that models shared leadership, enhances organizational capacity and builds a better community. The Organization is governed by a local voluntary Board of Directors and managed by local staff. It is affiliated with the United Way of America through the National Service and Training Center only in that it receives services from the National Center for which it remits voluntary dues. The Organization's main source of revenues include pledges from its fundraising campaign, federal and state grants, and earnings from various programs conducted.

Basis of Financial Reporting – The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, whereby revenues are recognized as earned and expenses are recognized as incurred.

Use of 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 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.

Cash Equivalents – For purposes of the statement of cash flows, the Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Cash Balances in Excess of FDIC Insurance Limits – The Organization maintains cash in demand deposit accounts with federally insured banks. At times, the balances in those accounts may be in excess of federally insured limits. In management's opinion, the amounts in excess of FDIC limits do not pose significant risk to the Organization.

Income Taxes – The Organization has been recognized by the Internal Revenue Service as a not-for-profit organization as described in Sec. 501 (c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes on related income pursuant to Sec. 501(a) of the IRC.

Advertising – Advertising costs are expenses as incurred. The total advertising and promotion expense for the years ended June 30, 2008 and 2007 are \$37,480 and \$39,809, respectively.

Comparative Totals – 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 generally accepted accounting principles. 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.

## United Way of Central West Virginia, Inc.

### Notes to Financial Statements (Continued)

June 30, 2008, with Comparative Totals  
as of June 30, 2007

#### Note A – Summary of Significant Accounting Policies (Continued)

Revenue Recognition – In the accompanying financial statements, transactions have been classified as unrestricted, temporarily unrestricted, or permanently restricted, in accordance with the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*.

The revenues and net assets of the Organization are reported as follows:

1. Unrestricted – includes resources without donor-imposed stipulations.
2. Temporarily Restricted – includes resources whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization satisfying those stipulations.
3. Permanently Restricted – includes resources whose use is limited by donor-imposed stipulations that cannot be satisfied by actions of the Organization or passage of time.

Donor Pass Through Pledges – Pledges received by the Organization where the donor has specified another entity as the ultimate recipient, are not recognized in the Organization's net revenues. These amounts are recognized as a liability to the designated organization net of uncollectible pledges and administrative fees upon receipt.

Donated Material and Services – The Organization receives a significant amount of donated services from unpaid volunteers who assist in program services, management, and its fund raising campaigns. Based upon estimates prepared by the Organization, a total of \$83,786 was received during the year for donated goods and services. However, due to the nature of the estimate, no amounts have been recognized in the statement of activities.

Allocated Expenses – Expenses by function have been allocated among program services, fund distribution, management and general, and fund raising services classifications on the basis of time records and on estimates made by the Organization's management. The expenses have been summarized on a functional basis in the Statement of Functional Expenses.

Property, Furniture and Equipment – Property, furniture and equipment are stated at cost or at the fair market value on the date of receipt, in the case of in-kind gifts. The Organization capitalizes all expenditures for property and equipment in excess of \$500. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. Depreciation expense for the years ended June 30, 2008 and 2007 was \$66,651 and \$76,303, respectively. These amounts at June 30, 2008 and 2007 consist of the following:

	2008	2007
Furniture and equipment	\$ 449,091	\$ 435,447
Building	904,808	899,519
	1,353,899	1,334,966
Less accumulated depreciation	868,070	806,861
	485,829	528,105
Land	301,423	301,422
	\$ 787,252	\$ 829,527

**United Way of Central West Virginia, Inc.**

**Notes to Financial Statements (Continued)**

**June 30, 2008, with Comparative Totals  
as of June 30, 2007**

**Note B – Pledges Receivable**

The United Way of Central WV, Inc. maintains two separate classes of pledges receivable which total \$990,480 and \$1,034,440 for the years ended June 30, 2008 and 2007, respectively.

The current year campaign accounts for funds raised in the first six months of 2008, the proceeds of which will be distributed in 2008 to the United Way of Central WV, Inc. agencies. All current year campaign funds raised during the year ended June 30, 2008 have been recorded as income, net of the estimated allowance for uncollectible pledges. Management provides for probable uncollectible accounts through an adjustment to an allowance account and the pledges revenue based upon an assessment of the current status of individual accounts. Balances, which approximate fair value, at June 30, 2008 were:

	<u>2008</u>
Total pledges outstanding 2007-2008	\$3,530
Allowance for uncollectible	<u>(105)</u>
Net campaign	<u>\$3,425</u>

Amounts still uncollected from the previous years campaign are summarized as follows:

	<u>2007 and 2006</u>
Total pledges outstanding 2006-2007	\$1,197,562
Allowance for uncollectible	<u>(210,507)</u>
Net prior year campaign	<u>\$ 987,055</u>

**Note C – Accounts Receivable**

Accounts receivable for the Organization consist primarily of governmental grants. Management feels there is no need for an allowance for uncollectible accounts since they believe the full amount to be collectible. The balance of accounts receivable at June 30, 2008 and 2007 was \$168,213 and \$169,152 respectively.

**Note D – Deposits Held in Trust**

The Organization, on April 19, 1983, entered into an irrevocable trust agreement with Chase Bank to provide supplemental retirement income for one of the Organization's former executive directors. As a result of this agreement, the United Way of Central WV deposited in the bank \$41,600 and temporarily designated an equal amount of assets. The earnings of the Trust are to be disbursed to the retired former executive director or wife at \$264 per month for the rest of their lives with all principal and any excess earnings to be returned to the Organization. All realized and unrealized gains and losses of the trust have been reflected in the accompanying financial statements. The balance in the account at June 30, 2008 and 2007 was \$21,517 and \$26,949, respectively.

**United Way of Central West Virginia, Inc.**

**Notes to Financial Statements (Continued)**

**June 30, 2008, with Comparative Totals  
as of June 30, 2007**

**Note E – Restrictions of Net Assets**

Temporarily restricted net assets are available for the following purposes at June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Combating Underage	\$ 16	\$ 126
Craven Retirement Fund	21,517	26,949
Gifts Held in Trust	126,932	130,006
AHI Girls Room	508	260
Restricted to distribution in the 6 months ended 12-07 and 12-06	<u>956,390</u>	<u>897,931</u>
Total temporarily restricted net assets	<u>\$1,105,363</u>	<u>\$1,055,272</u>

**Note F – Investments**

Investments consist of unrestricted funds and the Craven Trust. Investment activity for the year ended June 30, 2008 is reflected in the table below:

	<u>Unrestricted Fund Investments</u>	<u>Craven Trust</u>	<u>Total Investments</u>
Market value of investments at June 30, 2007	<u>\$727,795</u>	<u>\$26,949</u>	<u>\$754,744</u>
Investment returns:			
Dividends and interest	45,173	973	46,146
Realized gain or (loss)	2,928	-0-	2,928
Unrealized gain (loss)	(73,161)	-0-	(73,161)
Expenses	<u>(5,128)</u>	<u>(3,240)</u>	<u>(8,368)</u>
Total return on investments	<u>(30,188)</u>	<u>(2,267)</u>	<u>(32,455)</u>
Amounts distributed to beneficiary or United Way operating account	<u>(11,520)</u>	<u>(3,165)</u>	<u>(14,685)</u>
Market value of investments at June 30, 2008	<u>\$686,087</u>	<u>\$21,517</u>	<u>\$707,604</u>

**United Way of Central West Virginia, Inc.**

**Notes to Financial Statements (Continued)**

**June 30, 2008, with Comparative Totals  
as of June 30, 2007**

**Note F – Investments (Continued)**

The breakdown of funds by investment type at June 30, 2008, is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2008 Totals</u>	<u>2007 Totals</u>
US government & agency obligation	\$ 47,832	\$ -0-	\$ 47,832	\$ 68,757
Corporate obligations	168,168	-0-	168,168	201,557
Mutual funds and stocks	405,348	-0-	405,348	439,416
Money market funds	64,739	21,517	86,256	45,014
	<u>\$686,087</u>	<u>\$21,517</u>	<u>\$707,604</u>	<u>\$754,744</u>

**Note G – Concentration of Funds**

The Organization receives a majority of its pledges from its annual campaign from the Kanawha Valley. Additionally, the Organization receives funds from federal and state government grants. A material reduction in the level of support from the campaign or the government grants would have a significant impact on the Organization's programs and activities.

**Note H – Receipt of Gift Held in Trust**

During September 1997, the Organization was notified that it is the beneficiary of six fully funded trusts. Through these trusts the donor has promised to give \$12,500 per year for general purposes, \$12,500 for Parents as Teachers, and \$25,000 per year for the Family Enrichment Center. Funds restricted to the Family Enrichment Center will not be recognized as contributions as the Organization is only a conduit for these funds. Therefore, the gross amount of the gift is presented in the financial statements as a long-term contribution receivable, and as a liability in donor designations. These amounts will be given each year until the year 2021 in gradually smaller amounts, as the trusts expire, until the final trust is terminated in year 2030. This gift was originally recorded at its net present value in the temporarily restricted fund in the 1997 statement of activity. Collections are to be as follows:

	<u>Unrestricted</u>	<u>Parents as Teachers</u>	<u>Interest Collectible</u>	<u>Total Collectible</u>
Year ended 6-30-09	\$ 3,297	\$ 3,297	\$ 18,406	\$ 25,000
Year ended 6-30-10	3,537	3,537	17,926	25,000
Year ended 6-30-11	3,793	3,793	17,414	25,000
Year ended 6-30-12	4,068	4,068	16,864	25,000
Year ended 6-30-13	4,363	4,363	16,274	25,000
Thereafter	107,873	107,873	142,589	358,335
	<u>\$126,931</u>	<u>\$126,931</u>	<u>\$229,473</u>	<u>\$483,335</u>

**Amount collectible and payable to Family Enrichment Center**

Year ended 6-30-09	\$ 25,000
Year ended 6-30-10	25,000
Year ended 6-30-11	25,000
Year ended 6-30-12	25,000
Year ended 6-30-13	25,000
Thereafter	358,335
	<u>\$483,335</u>

**United Way of Central West Virginia, Inc.****Notes to Financial Statements (Continued)**

**June 30, 2008, with Comparative Totals  
as of June 30, 2007**

**Note I – Operating Lease**

The United Way of Central WV, Inc. leases space from the Family Enrichment Center for the Learn and Play Center. The lease term runs through December, 2009 with lease payment amounts of \$7,119 for 2007, \$7,191 for 2008, and \$7,262 for 2009. For the years ended June 30, 2008 and 2007, the Organization incurred rent expense of \$85,443 and \$75,714, respectively.

Additional space is also leased from the Family Enrichment Center for information and referral services. The lease term runs through September, 2009, with a current payment amount of \$432, which increases to \$442 in September, 2008. Rent expense of \$5,153 and \$5,052 was incurred under this lease for the years ended June 30, 2008 and 2007, respectively.

**Note J – Pension Plan**

The Organization maintained a non-contributory defined benefit pension plan that was frozen in July, 2004. This plan covered all full time employees who were at least 21 years old and had completed one year of service. Benefits were based on a percentage of the average monthly compensation times years of service up to a maximum of 25 years.

The Organization terminated the plan on October 31, 2007. All participants were 100% vested in their accrued benefit. As a result of the termination, all participants were paid out, either through a full distribution or rollover into an annuity at the participants discretion, as of June 30, 2008.

In order to satisfy the requirements to fully fund the plan prior to its termination, the Organization made its required contribution of \$50,000 as determined by the actuarial report prepared as of June 30, 2007. The amount was accrued as a liability as of June 30, 2007. Additionally, as part of the distribution to participants during the year, the Organization incurred additional expenses of \$22,943 for fees and additional funding requirements, which were expensed in the financial statements for the year ended June 30, 2008.

As a result of the termination, there are no additional liability requirements of the organization as of June 30, 2008. Consequently, no amounts are accrued as of June 30, 2008 in the Statement of Activities.

**Note K – Retirement Plan**

The Organization maintains a 403(b) pension plan for its employees. During the years ended June 30, 2008 and 2007, the company matched 75% of employees' contributions up to 4% of wages, and additionally, the company contributes an amount equal to 2% of all participating employee's wages into the plan. Pension expense for the years ended June 30, 2008 and 2007 was \$38,826 and \$39,737, respectively.

**United Way of Central West Virginia, Inc.**

**Notes to Financial Statements (Continued)**

**June 30, 2008, with Comparative Totals  
as of June 30, 2007**

**Note L – Fundraising and Administrative Expense Ratio**

As recommended by the United Way of America, the fundraising and administrative expense ratios were calculated utilizing the gross method, which utilizes gross revenues without any deductions for the allowance for uncollectible pledges or donor pass through pledges. The fundraising and administrative expense ratios for the years ended June 30, 2008 and 2007 were 14.41% and 13.93%, respectively.

**Note M – Grant Funds Received in Advance**

Grant funds received in advance relates to funds received from the various grantor agencies and other program sources in advance of expenditures incurred. The funds are restricted to the intended purpose of the grant or activity. The advance funds at June 30, 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Parents as Teachers	\$ 12,500	\$ 12,500
Catastrophic Illness	11,579	16,565
Learn & Plan – Community Block Grant	13,765	-0-
Foster Grandparent	6,643	8,989
Vista-Benedum and Matching Funds	45,342	55,246
Americorps Matching and Other Grant Funds	68,018	44,349
Verizon HMIS	-0-	9,552
Foster Grandparent-Volunteer Funds	4,135	4,135
EITC	12,640	-0-
RSVP	12,679	7,708
Other advances	<u>32,438</u>	<u>37,657</u>
	<u>\$219,739</u>	<u>\$196,701</u>

**Note N – Assets Transferred to Recipient Organization**

The Organization receives contributions as part of its annual campaign that are designated to various agencies. The funds are paid to these agencies as funds are collected. The Organization has no variance power over the funds. The Organization is not entitled to receive any of these funds back once they have been distributed. The total donor choice payments distributed during the years ended June 30, 2008 and 2007 were \$353,210 and \$345,078, respectively. These amounts are not recognized in revenues or expenses in the related statement of activities.

**United Way of Central West Virginia, Inc.**

**Notes to Financial Statements (Continued)**

**June 30, 2008, with Comparative Totals  
as of June 30, 2007**

**Note N – Assets Transferred to Recipient Organization – (Continued)**

Additionally, the Organization has a beneficial interest in the United Way Fund held with the Greater Kanawha Valley Foundation. The individual donor's granted the Greater Kanawha Valley Foundation variance power. Therefore, based upon the provisions of FASB Statement No. 136, *Transfers of Assets to a Not-for-Profit Organization that Raises or Holds Contributions for Others*, the assets are not recorded in the statement of financial position. The total amounts held in the United Way fund was \$441,946 and \$506,152 for the years ended June 30, 2008 and 2007, respectively. Distributions from the fund totaling \$30,635 and \$10,108 for the years ended June 30, 2008 and 2007 are recorded as revenue in the accompanying statement of activities.

**Note O – Capital Lease Obligation**

The Organization leases telephone equipment under a capital lease entered into during the year ended June 30, 2008. The economic substance of the lease is that the Organization is financing the acquisition of the assets through the lease, and, accordingly, it is recorded in the Organization's assets and liabilities. The asset has a cost basis of \$11,193 and had accumulated depreciation of \$373 at June 30, 2008. The lease agreement contains a bargain purchase option at the end of the lease term.

The following is a schedule by years of future minimum payments required under the lease together with their present value at June 30, 2008:

<u>Year Ended June 30,</u>	<u>Amount</u>
2009	\$ 2,723
2010	2,723
2011	2,723
2012	2,723
2013	<u>1,816</u>
	12,708
Less: amount representing interest	<u>1,955</u>
Present value of minimum lease payments	<u>\$10,753</u>

The amortization of the assets held under capital leases is included with depreciation expense.

**Note P – Prior Period Adjustment**

The prior years comparative information provided for the year ended June 30, 2007 has been restated to correct the liability related to the defined benefit pension plan as previously recorded. The effect of the restatement was to decrease the change in net assets by \$50,000 by increasing the liability for the defined benefit pension plan for required contributions to the plan made during the year ended June 30, 2008.

# Herman & Cormany

## Certified Public Accountants, A.C.

Accountants & Consultants

**Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with *Government Auditing Standards***

To the Board of Directors  
United Way of Central West Virginia, Inc.  
Charleston, West Virginia

We have audited the financial statements of United Way of Central West Virginia, Inc. (a nonprofit organization), as of and for the year ended June 30, 2008, and have issued our report thereon dated October 31, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered United Way of Central West Virginia, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the United Way of Central West Virginia, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

United Way of Central West Virginia, Inc.

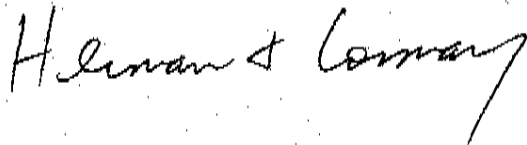
Page two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way of Central West Virginia, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of United Way of Central West Virginia, Inc. in a separate letter dated October 31, 2008.

This report is intended solely for the information and use of the audit committee, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Charleston, West Virginia  
October 31, 2008

# Herman & Cormany

## Certified Public Accountants, A.C.

Accountants & Consultants

### Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Board of Directors  
United Way of Central West Virginia, Inc.  
Charleston, West Virginia

#### Compliance

We have audited the compliance of United Way of Central West Virginia, Inc. (a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. United Way of Central West Virginia, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of United Way of Central West Virginia, Inc.'s management. Our responsibility is to express an opinion on United Way of Central West Virginia, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about United Way of Central West Virginia, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of United Way of Central West Virginia, Inc.'s compliance with those requirements.

In our opinion, United Way of Central West Virginia, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

To the Board of Directors  
United Way of Central West Virginia, Inc.  
Page two

### Internal Control Over Compliance

The management of United Way of Central West Virginia, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered United Way of Central West Virginia, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of United Way of Central West Virginia, Inc.'s internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

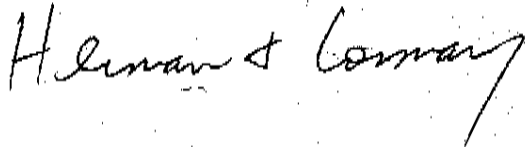
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

### Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of United Way of Central West Virginia, Inc. as of and for the year ended June 30, 2008, and have issued our report thereon dated October 31, 2008. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

To the Board of Directors  
United Way of Central West Virginia, Inc.  
Page three.

This report is intended solely for the information and use of audit committee, management, board of directors, others within the entity, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Charleston, West Virginia  
October 31, 2008

**United Way of Central West Virginia, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2008**

<u>Federal Grantor</u>	<u>CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
Corporation for National and Community Service:			
Retired Senior Volunteer Program	94.002	07SRSWV007	\$ 122,756
Foster Grandparents Program	94.011	07SFSWV003	362,130
Foster Grandparents Program	94.011	08SFSWV003	92,335
Vista	94.013	07VPSWV001	228,222
Vista	94.013	08VSSWV005	7,966
Passed Through the WV Commission for National and Community Service:			
Americorps	94.006	06ACHWV0010002	462,841
Training and Technical Assistance	94.009	N/A	1,425
Americorps	94.006	06ACHWV0010002-1	<u>70,533</u>
Total Corporation for National Service			<u>1,348,208</u>
Temporary Assistance for Needy Families Grant Passed Thru the West Virginia Department of Health and Human Resources			
Public Awareness of Earned Income Tax Credit	93.558	G070558	5,872
Public Awareness of Earned Income Tax Credit	93.558	G080495	<u>32,360</u>
			<u>38,232</u>
Maternal and Child Health Services Block Grant to the State Passed Through the WV Department of Health and Human Resources			
Adolescent Health Initiative	93.994	G060193	8,511
Adolescent Health Initiative	93.994	G080013	<u>40,254</u>
			<u>48,765</u>
US Department of Housing & Urban Development Passed Through the City of Charleston, WV			
	14.219	None	<u>20,000</u>
US Department of Housing & Urban Development Supportive Housing Program			
	14.235	WV28B40-3002	<u>13,403</u>
US Department of Agriculture Passed Thru the West Virginia Department of Education			
Child and Adult Care Food Program	10.558	N/A	<u>42,248</u>
Total Federal Financial Assistance			<u>\$1,510,856</u>

**Note A – Basis of Presentation**

The schedule of expenditures of federal awards includes the federal grant activity of United Way of Central West Virginia, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation, of the basic financial statements.

**United Way of Central West Virginia, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2008**

**Section 1 – Summary of Auditors’ Results**

**Financial Statements**

Type of auditors’ report issued: unqualified

- Control deficiencies disclosed?  Yes  No
  - Control deficiencies reported as a significant deficiency?  Yes  No
  - Control deficiencies reported as a material weakness?  Yes  No
- Noncompliance material to financial statements notes?  Yes  No

**Federal Awards**

Internal control over major programs:

- Control deficiencies identified?  Yes  No
- Control deficiencies reported as a significant deficiency?  Yes  No
- Control deficiencies reported as material weaknesses?  Yes  No

Type of auditors’ report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?  Yes  No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
94.011	Foster Grandparents Program
94.013	Vista

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?  Yes  No

**United Way of Central West Virginia, Inc.**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2008**

**Section II – Findings – Financial Statements Audit**

None.

**Section III – Findings and Questioned Costs – Major Federal Program Audit**

None.