



ANNUAL FINANCIAL REPORT
JUNE 30, 2011

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UNITED WAY OF SANTA FE COUNTY

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**UNITED WAY OF SANTA FE COUNTY
MANAGEMENT REVIEW OF OPERATIONS
June 30, 2011**

Financial Condition

UWSFC finished fiscal year 2011 with an increase in net assets of \$256,693. We have \$700,228 in cash and marketable securities that are not permanently restricted. We expect \$301,264 in pledges still due from the 2010 and 2011 campaigns to be paid during fiscal year 2012 and our collection rate remains high. Our liabilities total \$796,116 consisting of funds in the amount of \$14,037 held for other organizations for which UWSFC acts as fiscal sponsor, \$365,507 in deferred revenue, a note payable for a building in the amount of \$203,852, and \$212,720 of payables and accrued expenses. Our net assets are \$1,002,714.

Results of Operations

The ever-growing awareness and support of the Santa Fe Children's Project (SFCP) contributed to a significant increase our annual campaign. We continue to see some erosion in the workplace and corporate gifts as expected. The continuation of Project LAUNCH funding and funding from the State of New Mexico has allowed us to sustain and grow pieces of the SFCP, along with continued funding from private donors like Brindle Foundation, the LANL Foundation, and Christus St. Vincent Regional Medical Center (CSVRMC). Therefore, sustained and new grants revenue, and giving through our annual campaign, has enabled UWSFC and the SFCP to continue its momentum.

Designated Pledges

Individuals making donations to UWSFC may designate their donation to specific non-profit agencies. Under accounting principles generally accepted in the United States of America, UWSFC may not recognize such donations as revenue since we act as a pass through agent. The amount of designated pledges was \$96,311, net of fees. Thirty-four percent of designations were paid to sixty-seven specified agencies prior to year end. The remaining portion will be paid in full by January 31, 2012.

Our Mission

The mission of UWSFC is to create lasting change in chronic community conditions by acting as a change agent. The SFCP is our vehicle for achieving that mission and as such represents our overall strategy. Listed here are the components of that strategy:

- **Early Intervention** – First Born®: home visitation curriculum that serves families with children pre-natal to three years old. Triple P-Positive Parenting Program- a series of workshops and supports for parenting across the age spectrum. Book Clubs- monthly Spanish story hour where new parents meet other new parents
- **Early Education** – Pre-K Classes/Parent support Program: for 4-year-olds that includes parenting support.

**UNITED WAY OF SANTA FE COUNTY
MANAGEMENT REVIEW OF OPERATIONS (CONTINUED)
June 30, 2011**

- **Out-of-School Time/Community Schools Program** – Collaborative planning and programming for enriching activities for kids and parents that enhance academic performance. Serves 5-12 year olds and their families outside of regular school hours.
- **Early Childhood Policy and Advocacy** – UWSFC has spearheaded a path-breaking initiative – the New Mexico Early Childhood Economic Partnership – this is bringing business and community leaders to the table in an unprecedented groundswell of support for increased sustainable public funding for early childhood development. This work involves identifying viable sources and strategies for increased public funding and then creating and supporting the necessary legislation and public policy to secure these funds in perpetuity.
- **Volunteer Opportunities** – we have increased opportunities for mentoring and tutoring elementary age students. Tutors play a special role in developing trust, confidence and mastery in young children struggling with reading fluency.
- **Mobilization for Education** - We involve the greater community in determining what it will take to create quality education for all children. Over the next few years we will devote substantial resources to engage the community in understanding community aspirations for education, recognizing the critical need for improving our schools, committing ourselves to addressing community conditions and in implementing a reform strategy.
- **Community Engagement** – bringing more people into public life in support of our children’s education runs through all SFCP but is a primary component of both Community Schools and advocacy.

Within the SFCP there are five ways to partner with other community organizations:

1. Contracting for services with other organizations
2. Orchestrate collaborations that have two goals:
 - Leverage existing resources
 - Position collaboration to seek funding sources
3. Referral relationships
4. Program partnership
5. Mobilization of community around education

The Board of Directors has determined that UWSFC resources will support the SFCP and community engagement initiatives.

**UNITED WAY OF SANTA FE COUNTY
MANAGEMENT REVIEW OF OPERATIONS (CONTINUED)
June 30, 2011**

Pancakes on the Plaza

In July 2010, UWSFC partnered with Rotary of Santa Fe and The New Mexican Foundation to produce another successful Pancakes on the Plaza. This was the final year of participation for UWSFC as ownership of the event has been passed to Rotary of Santa Fe for future years. The combined efforts of the three organizations in 2010 generated \$44,702 in net revenue, which was divided equally among the three partners. UWSFC's portion amounted to \$15,401 for the SFCP.

United Way Initiatives

Santa Fe Children's Project

The mission of the Santa Fe Children's Project (SFCP) is to provide children living in poverty a more equitable chance at success. We define success as college graduation (or the completion of a freely-chosen alternative such as a career-related training program, etc.). The *ideal* intervention would be to provide the same level of effective, continuous support, birth-to-graduation, that is provided by a healthy, middle class or affluent family.

The concept is really rather simple: if being born and raised in poverty imposes unfair conditions that decrease the likelihood of children's success compared to children born and raised in greater affluence, social justice requires the provision of supports to alleviate that disadvantage. The most just condition would be the provision of supports and resources equal to the supports and resources available to the more fortunate.

This simple notion has guided the design and implementation of the SFCP for the last five years. The SFCP is a complex network of sequential services, programs and opportunities - social, educational, and civic engagement - that, taken together, can change academic and social conditions, resulting in greatly increased community assets, family strengths and, ultimately, success for children.

New Mexico Early Childhood Development Partnership (NMECDP)

Although not a program of the Santa Fe Children's Project, United Way of Santa Fe County (UWSFC) is the fiscal sponsor for the Partnership with UWSFC's CEO Katherine Freeman as chair. As such, a statement of position and statement of activities is presented in Note 13.

The NMECDP is a public-private partnership founded to advocate for the creation, adoption, and implementation of robust, effective, and proven early childhood programs that are available to all children, birth to five in New Mexico. The Partnership's mission is to create awareness, support, and understanding of the

overwhelming benefits of early childhood development programs, and the positive effect on future generations of New Mexicans.

Outlook

We have planned for several years to become an organization that truly has the ability to make an impact of lasting change in the community, rather than being the traditional fundraising organization passing through funds to other organizations. We believe we are making real and lasting changes in chronic community conditions through the Santa Fe Children's Project.

The Santa Fe Children's Project is changing our community by creating new opportunities for children and families. We bring the community together to plan, advocate, and provide programs from birth to career. Our children become more successful in school and in life, our families become more resilient, our community becomes stronger both now and in the future.

United Way of Santa Fe County has a strong outlook for the future. Several years ago, our campaign represented a substantial portion of our revenue. Today our campaign represents only 31% of our budget with the remaining 69% coming from the combination of private foundations, state, and federal multi-year grants. In a few short years, we have grown our budget from just over \$1 million to now over \$2.5 million reflecting sustainability while supporting our long term strategic planning.



Katherine Freeman
President & CEO



William Moffett
Treasurer

Report by Management

Management is responsible for the preparation and the integrity of the accompanying financial statements. These statements are prepared in accordance with accounting principles generally accepted in the United States of America and require the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. In management's opinion, the financial statements present fairly our financial position, changes in our net assets and cash flows. All financial information in this Annual Financial Report is consistent with the financial statements.

Management maintains and relies on a system of internal controls and related policies and procedures that provide reasonable assurance of the integrity and reliability of the financial statements. The system provides, at appropriate costs and within the inherent limitations of all internal control systems that transactions are executed in accordance with management's authorization and are properly recorded and reported in the financial statements and that assets are safeguarded. Our internal control system provides for careful selection and training of supervisory and management personnel and requires appropriate segregation of responsibilities and delegation of authority. In addition, we have prepared a corporate code of ethics for purposes of determining possible conflicts of interest, compliance with laws and confidentiality of proprietary information.

Our independent auditors, Moss Adams LLP, audit the annual financial statements as described in their report. They obtain an understanding of our internal control system to enable them to plan their audit and determine audit procedures to be performed.

The Board of Directors has established an independent Audit Committee. The Committee is appointed by the Board to assist the Board in its oversight function by monitoring, among other things, our financial reporting process and the independence and performance of our independent auditors. The Committee's activities include meeting periodically with management and the independent auditors to discuss their independence and to review audit results, financial reporting, internal controls and other financial matters. The independent auditors have full and free access to the Committee.



Katherine Freeman
President & CEO



William Moffett
Treasurer

Report of Independent Auditors

To the Board of Directors
United Way of Santa Fe County

We have audited the accompanying statement of financial position of United Way of Santa Fe County (United Way) as of June 30, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of United Way'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 2010 financial statements and in our report dated March 4, 2011, 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Santa Fe County as of June 30, 2011, and changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Directors
United Way of Santa Fe County

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2011, on our consideration of the United Way of Santa Fe County'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 should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the United Way of Santa Fe County's basic financial statements. The accompanying schedule of expenditures of federal awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule of expenditures of federal awards have been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements as a whole.

Mess Adams LLP

Albuquerque, New Mexico
December 5, 2011

**UNITED WAY OF SANTA FE COUNTY
STATEMENTS OF FINANCIAL POSITION
June 30, 2011 and 2010**

ASSETS	2011	2010
Cash	\$ 756,818	314,958
Campaign pledges receivable, net	301,264	170,182
Prepaid expenses and other	45,313	39,098
Grants receivable	124,305	71,439
Bequest receivable	-	9,900
Investments	169,743	205,576
Charitable remainder trust receivable	2,683	4,568
Property and equipment, net	398,704	405,475
Total assets	\$ 1,798,830	1,221,196
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 149,020	111,910
Funds held for other organizations	14,037	10,920
Notes payable due to bank	203,852	206,802
Deferred revenue	365,507	67,445
Other liabilities	63,700	78,098
Total liabilities	796,116	475,175
Net Assets		
Unrestricted	152,457	40,183
Temporarily restricted	328,146	177,900
Permanently restricted	522,111	527,938
Total net assets	1,002,714	746,021
Total liabilities and net assets	\$ 1,798,830	1,221,196

See Notes to Financial Statements.

UNITED WAY OF SANTA FE COUNTY
STATEMENTS OF ACTIVITIES
June 30, 2011 With Comparative Totals for 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	2011	2010
Public support and revenue					
Bequest	\$ 10,000	-	-	10,000	10,000
Bequest (change in prior year estimate)	-	-	(5,827)	(5,827)	-
Net bequest revenues	10,000	-	(5,827)	4,173	10,000
Gross campaign results	767,827	301,932	-	1,069,759	959,655
(Less donor designations)	(108,917)	-	-	(108,917)	(119,015)
(Less provision for uncollectible)	(25,015)	-	-	(25,015)	(23,741)
Net campaign revenue	633,895	301,932	-	935,827	816,899
Dividends and interest income	7,426	-	-	7,426	9,770
July 4th program income	15,401	-	-	15,401	17,567
Special events gain (loss)	1,099	-	-	1,099	(69)
State government grant income	457,217	-	-	457,217	545,599
Federal government grant income	899,292	-	-	899,292	766,346
Other grant income	574,286	23,530	-	597,816	511,681
Fee income designated funds	12,607	-	-	12,607	14,632
Designations from other United Ways	11,647	-	-	11,647	11,045
In-kind contributions	64,797	-	-	64,797	30,000
Miscellaneous income	26,137	-	-	26,137	13,994
Investment (losses) gains	(3,858)	-	-	(3,858)	5,474
Net assets released from restrictions due to satisfaction of program restrictions	175,216	(175,216)	-	-	-
Total public support and revenue	2,885,162	150,246	(5,827)	3,029,581	2,752,938
Expenses					
Program services					
Gross funds distributed	96,311	-	-	96,311	104,383
(Less donor designations)	(96,311)	-	-	(96,311)	(104,383)
Net funds distributed	-	-	-	-	-
Program services	2,249,048	-	-	2,249,048	2,161,687
Total program services	2,249,048	-	-	2,249,048	2,161,687
Fundraising	289,594	-	-	289,594	270,828
Management and general	224,826	-	-	224,826	261,483
United Way of America dues	9,420	-	-	9,420	8,307
Total expenses	2,772,888	-	-	2,772,888	2,702,305
Change in net assets	112,274	150,246	(5,827)	256,693	50,633
Net assets, beginning of year	40,183	177,900	527,938	746,021	695,388
Net assets, end of year	\$ 152,457	328,146	522,111	1,002,714	746,021

See Notes to Financial Statements.

**UNITED WAY OF SANTA FE COUNTY
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2011 and 2010**

	2011	2010
Cash Flows from Operating Activities		
Cash received from contributors and other	\$ 3,151,912	2,458,800
Cash received from investment activities	7,426	9,770
Cash paid to employees	(1,694,732)	(1,682,340)
Cash paid to suppliers	(1,040,373)	(1,012,784)
	<hr/>	<hr/>
Net cash provided (used) by operating activities	424,233	(226,554)
	<hr/>	<hr/>
Cash Flows from Investing Activities		
Net sales in long-term investments	31,975	77,448
Property and equipment additions	(11,398)	(14,424)
	<hr/>	<hr/>
Net cash provided by investing activities	20,577	63,024
	<hr/>	<hr/>
Cash Flows from Financing Activities		
Repayment on bank loans	(2,950)	(1,872)
	<hr/>	<hr/>
Net increase (decrease) in cash	441,860	(165,402)
Cash, at beginning of year	<hr/> 314,958	<hr/> 480,360
Cash, at end of year	\$ 756,818	314,958
	<hr/> <hr/>	<hr/> <hr/>
Reconciliation of Change in Net Assets to Net Cash		
Provided (Used) by Operating Activities		
Change in net assets	\$ 256,693	50,633
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	18,169	17,124
Realized and unrealized gains on investments	3,858	(5,474)
Changes in assets and liabilities		
Pledges receivable	(174,048)	25,117
Other receivables	1,885	146
Prepaid expenses	(6,215)	(12,705)
Accounts payable and accrued expenses	40,227	(2,253)
Deferred revenue	298,062	(304,157)
Other liabilities	(14,398)	5,015
	<hr/>	<hr/>
Net cash provided (used) by operating activities	\$ 424,233	(226,554)
	<hr/> <hr/>	<hr/> <hr/>

See Notes to Financial Statements.

**UNITED WAY OF SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

**NOTE 1. PURPOSE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES**

Purpose. The United Way of Santa Fe County, Inc. (United Way) is a New Mexico not-for-profit corporation, chartered in 1954, with governance by a volunteer Board of Directors. United Way is organized to create lasting change that improves the quality of life and health in our community. Additionally, the United Way has developed the Santa Fe Children's Project (SFCP), a comprehensive innovative community development model serving as the vehicle to help achieve the goal of the United Way. To accomplish our goal, the United Way is involved in a variety of activities, including provision of services, creating collaborations, civic engagement and community organizing, policy and advocacy, and fundraising.

Use of Estimates. The preparation of financial statements (accrual basis) in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from those estimates.

Revenue Recognition. Annual fundraising campaigns are conducted each year to carry out United Way's mission. Pledges from a campaign continue to be received into the following calendar year. Pledges that are donor designated for payment to specific agencies or other third parties are accounted for as agency transactions, rather than as revenue and expense of United Way. Amounts representing pledges designated by donors to specific agencies (and thus, not included in net revenue or expense) totaled, net of fees, \$96,311 and \$104,383 in 2011 and 2010, respectively.

All pledges and other contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, United Way reports the support as unrestricted.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

**UNITED WAY OF SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

**NOTE 1. PURPOSE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (CONTINUED)**

The provision for uncollectible pledges is computed based upon a five year historical average adjusted by management estimates of current economic factors. It is applied to the gross campaign including donor option pledges.

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Deferred Revenue. Deferred revenue consists of grant funds received prior to required services being completed. The income is recognized in the period in which the services are provided.

Cash and Cash Equivalents. United Way considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. United Way maintains deposits in financial institutions that at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). Management believes that there is not a significant risk with respect to these deposits.

Contributed Goods and Services. A substantial number of unpaid volunteers have made significant contributions of their time to develop United Way's programs, principally in board activities, fundraising and programs. The value of this contributed time is not reflected in these financial statements. The estimated value of contributed goods and services relating to advertising and program supplies totaling \$64,797 in 2011 and \$30,000 in 2010 has been included in both revenues and expenses. Included in the totals above, \$2,522 in 2011 and \$10,000 in 2010 are related to the July 4th Pancakes on the Plaza special event revenue (see Note 9).

Financial Instruments. Financial instruments, which potentially subject United Way to concentrations of credit risk, include marketable debt securities and mutual funds. United Way places its temporary cash investments with creditworthy, high quality financial institutions. United Way holds bonds and notes issued by the United States government and financially strong corporations. By policy, these investments are kept within limits designed to prevent risks caused by concentration. Consequently, as of June 30, 2011 and 2010, United Way has no significant concentrations of credit risk.

**UNITED WAY OF SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

**NOTE 1. PURPOSE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES (CONTINUED)**

The carrying amounts of cash, receivables, accounts payable and accrued expenses approximate fair value because of the short-term nature of the items. The fair value of marketable securities is determined by quoted market prices.

Property and Equipment. Property and equipment is recorded either at cost or, if donated, at its fair market value on the date of the contribution. Items with a cost of \$1,000 or more are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets of three to forty years.

Fair Value of Assets and Liabilities. The United Way follows accounting standards for fair value measurements, which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements.

Fair value measurements defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities.
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active 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 that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

United Way investments are reported at fair market value as determined by quoted market prices derived from an active market and are considered to have Level 1 inputs.

**UNITED WAY OF SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 1. PURPOSE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2011 and 2010.

Trading securities- Valued at the closing price reported on the major market on which the individual securities are traded.

Mutual Funds-Valued at the net asset value (NAV) of shares held at year end using prices quoted by relevant pricing agent.

Income Taxes. The organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made. The organization had no unrecognized tax benefits at July 1, 2009 and as of June 30, 2011.

Cash Flows. Cash includes money market funds and interest-bearing instruments with maturities at the date of purchase of three months or less.

Functional Allocation of Expenses. The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Certain costs have been allocated among the programs and supporting services benefited based on the distribution of staff time.

Reclassifications. Certain reclassifications have been made in the 2010 financial statements to conform to the 2011 presentation.

NOTE 2. CONTRIBUTIONS RECEIVABLE

Campaign pledges receivable are comprised of the following unconditional promises to give at June 30:

	2011	2010
Campaign pledges receivable	\$ 326,280	193,923
Allowance for uncollectibles	<u>(25,016)</u>	<u>(23,741)</u>
Net campaign pledges receivable	<u>\$ 301,264</u>	<u>170,182</u>

**UNITED WAY OF SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 3. INVESTMENTS

Long-term investments at June 30 are summarized below:

	2011		2010	
	Original Cost	Fair Value	Original Cost	Fair Value
Trading securities				
Common Stocks	\$ 29,367	28,923	-	-
Mutual funds				
U.S. Government bond funds	-	-	202,353	205,576
Open end mutual funds	98,131	97,864	-	-
Closed end mutual funds	42,302	42,956	-	-
Total	<u>\$ 169,800</u>	<u>169,743</u>	<u>202,353</u>	<u>205,576</u>

Investment income at June 30 consists of:

	2011	2010
Dividends and interest	\$ 7,426	9,770
Net investment (loss) gains	<u>(3,858)</u>	5,474
Total investment income	<u>\$ 3,568</u>	<u>15,244</u>

NOTE 4. NOTE PAYABLE AND LINE-OF-CREDIT

Note payable consists of the following as of June 30:

	2011	2010
Loan with Los Alamos National Bank with monthly installments of \$1,187, including interest at 5.500%, variable after August 2014, balance due August 2039. The loan is secured by real estate. We have used 5.500% interest for the life of the note for disclosure purposes.	<u>\$ 203,853</u>	<u>206,802</u>

**UNITED WAY OF SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 4. NOTE PAYABLE AND LINE-OF-CREDIT (CONTINUED)

The schedule of future payments of long-term debt are as follows:

2012	\$ 3,115
2013	3,291
2014	3,477
2015	3,673
2016	3,880
Thereafter	<u>186,416</u>
	<u>\$ 203,852</u>

The Los Alamos National Bank line-of-credit expired in August 2010 with interest to be paid at 6.25% until August 2010 and variable, thereafter. The line-of-credit was not renewed and had no outstanding balance at year end. United Way opened an \$80,000 line-of-credit with Century Bank in April 2010. Interest is to be paid at 6.00% until April 2012.

	2011	2010
Interest expense	<u>\$ 12,566</u>	<u>14,762</u>

NOTE 5. CHARITABLE REMAINDER TRUST

The United Way is the remainder beneficiary of an irrevocable gift to a charitable remainder trust. United Way of America is the trustee. The gift will not be available until after the deaths of the donors, who, while living, designate an annual payout from the Trust to a beneficiary based on a fixed percentage of the market value of the invested funds each year. The gift has been recorded at the net present value of the estimated future benefits to be received when the trust assets are distributed. That amount is amortized each year based on published Internal Revenue Service discount rates.

**UNITED WAY OF SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment at June 30 consist of the following:

	2011	2010
Building	\$ 179,362	179,362
Furniture and equipment	21,140	21,140
Computer equipment and other	95,990	84,591
Accumulated depreciation	(92,097)	(73,927)
Land	<u>194,309</u>	<u>194,309</u>
Total	<u>\$ 398,704</u>	<u>405,475</u>

NOTE 7. ENDOWMENT

The United Way's endowment consists of one fund and is made up of donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

Interpretation of Relevant Law

The United Way classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowments, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. 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.

Endowment Net Asset Composition by Type of Fund as of June 30, 2011:

	Unrestricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	522,111	<u>522,111</u>

**UNITED WAY OF SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 7. ENDOWMENT (CONTINUED)

Changes in Endowment Net Assets for the fiscal year ended June 30, 2011:

	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	527,938	527,938
Investment return			
Investment income(loss)	(3,858)	-	(3,858)
Total investment return	(3,858)	-	(3,858)
Appropriation of endowment assets for expenditure and other	3,858	(5,827)	(1,969)
Endowment net assets, end of year	\$ -	522,111	522,111

Endowment Net Asset Composition by Type of Fund as of June 30, 2010:

	Unrestricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	527,938	527,938

Changes in Endowment Net Assets for the fiscal year ended June 30, 2010:

	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	527,938	527,938
Investment return			
Investment income	5,474	-	5,474
Total investment return	5,474	-	5,474
Appropriation of endowment assets for expenditure and other	(5,474)	-	(5,474)
Endowment net assets, end of year	\$ -	527,938	527,938

Return Objectives and Risk Parameters

The United Way has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that must be held in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the endowment assets are invested in

**UNITED WAY OF SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 7. ENDOWMENT (CONTINUED)

a manner that is intended to produce results that exceed the price and yield results of investment vehicle specific benchmarks while assuming an appropriate level of risk. The Investment Policy calls for expectation of 4% plus the rate of the Consumer Price Index. 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 United Way 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). In the case of permanently restricted gifts by donors (endowment funds), preservation of the value of the original gift is the primary emphasis of the United Way and the United Way will target a diversified asset allocation of moderate long-term growth of principal and income and stability within prudent risk parameters and constraints.

Spending Policy and how the Investment Objectives Relate to Spending Policy

In accordance with the United Way's Investment Policy approved by the Board of Directors, distributions are not expected to exceed 5% to 7% of the market value of the Funds.

NOTE 8. CAPITAL LEASE

Equipment under capital leases consists of a phone system with a combined capitalized cost of \$12,859. Accumulated depreciation in the statement of financial position includes \$6,734 relating to the phone system. Depreciation expense reported in the statement of activities includes \$2,572 for the equipment under capital lease. The leases include a \$1 purchase options at the end of the lease period. Future minimum lease payments are as follows:

Year Ending June 30,	Amount
2012	\$ 3,542
2013	3,542
2014	<u>2,468</u>
Total minimum lease payments	9,552
Less amount representing interest	<u>(1,510)</u>
Present value of net minimum lease payments	<u>\$ 8,042</u>

**UNITED WAY OF SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 9. JULY 4TH PANCAKES ON THE PLAZA

United Way's primary Community event had the following results:

	2011	2010
Ticket sales and sponsorships	\$ 75,100	107,209
Direct costs of event	<u>(59,699)</u>	<u>(89,642)</u>
	<u>\$ 15,401</u>	<u>17,567</u>

NOTE 10. RESTRICTED NET ASSETS

Temporarily restricted net assets are available at June 30 for the following:

	2011	2010
Santa Fe Children's Project	\$ 23,530	1,150
Outstanding pledge contributions	301,264	170,182
Contributions received, designated for future period	669	2,000
Charitable remainder trust	<u>2,683</u>	<u>4,568</u>
	<u>\$ 328,146</u>	<u>177,900</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, and via donor authorization, as follows:

	2011	2010
Prior year contributions	\$ 172,181	-
Program income	1,150	905
Charitable remainder trust	1,885	146
Grant income	<u>-</u>	<u>70,000</u>
	<u>\$ 175,216</u>	<u>71,051</u>

**UNITED WAY OF SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 11. PROGRAM EXPENSE

	2011	2010
Designations		
Big Brothers, Big Sisters	\$ 846	1,245
Catholic Charities	2,625	1,894
Esperanza	2,241	1,546
Food Depot	9,444	4,491
Girls Inc. of Santa Fe	750	1,127
La Familia Medical Center	2,370	3,145
New Vistas	818	521
Open Hands	1,875	2,453
Santa Fe Boys and Girls Club	459	189
Santa Fe Community Foundation	-	5,100
Santa Fe Mountain Center	-	1,265
Solace Crisis Treatment Center 656	656	417
St. Elizabeth Shelter	8,228	3,631
Villa Therese Clinic	37	38
Youth Shelters and Family Services	2,943	3,599
All others	<u>63,019</u>	<u>73,722</u>
Total donor designations	<u>96,311</u>	<u>104,383</u>
Initiative Expense		
Santa Fe Children's Project (CYFD State Grant)	457,217	545,599
Santa Fe Children's Project (Project Launch Federal Grant)	792,888	764,816
Santa Fe Children's Project (other grants and donor directed)	583,969	481,591
New Mexico Early Childhood Development Partnership	<u>414,974</u>	<u>369,681</u>
Total initiative expense	<u>2,249,048</u>	<u>2,161,687</u>
Less donor designations	<u>(96,311)</u>	<u>(104,383)</u>
Total program service expense	<u>\$ 2,249,048</u>	<u>2,161,687</u>

UNITED WAY OF SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 12. FUNCTIONAL ALLOCATION OF EXPENSES

United Way charges an expense directly to an activity if the cost applies only to that activity and allocates indirect expenses across activities based upon the estimated percentage of time employees spend on each of the activities, as follows:

	2011			2010 Total	
	Program	Fundraising	Management and General		Total
Compensation	\$1,272,768	160,974	121,198	1,554,940	1,546,095
Employee benefits	102,639	12,981	9,774	125,394	141,260
Payroll taxes	94,320	11,929	8,982	115,231	123,672
Marketing & development	67,520	41,388	13,675	122,583	101,299
Accounting and audit	-	-	21,175	21,175	14,420
Dues and subscriptions	748	583	881	2,212	2,399
Equipment	24,208	1,545	1,164	26,917	15,174
Insurance	15,833	2,003	1,508	19,344	18,702
Postage and shipping	2,645	3,262	223	6,130	7,047
Professional	405,417	4,811	888	411,116	382,218
Software support	26,935	3,011	2,266	32,212	25,821
Supplies	32,348	9,716	114	42,178	56,944
Telephone and internet	19,013	1,118	2,344	22,475	23,083
Transportation	36,461	412	2,520	39,393	42,588
Other	22,171	25,552	2,483	50,206	18,199
Rent and occupancy	77,653	5,954	20,462	104,069	109,903
Conferences and meetings	35,870	2,967	954	39,791	40,546
Training	5,821	1,388	1,475	8,684	7,504
Depreciation	5,428	-	12,740	18,168	17,124
Distributions	1,250	-	-	1,250	-
United Way of America membership dues	-	9,420	-	9,420	8,307
	<u>\$2,249,048</u>	<u>299,014</u>	<u>224,826</u>	<u>2,772,888</u>	<u>2,702,305</u>

**UNITED WAY OF SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 13. COMMITMENTS AND CONTINGENCIES

Leases. United Way rents its office space for \$4,816 per month under two operating leases for two separate spaces in the same building. Both operating leases were amended with a rider executed on March 1, 2009 to extend the leases 60 months, terminating February 28, 2014. The rider stipulates a 3% increase each year, beginning March 1, 2010, and a three-year renewal option for both leases at the end of the current lease period. Future minimum payments under this lease are \$159,356 through February 2014. Total rent expense was \$56,676 in 2011 and \$55,025 in 2010. It also leases certain office equipment.

Employee Benefit Plan. United Way has a 403(b) retirement plan for the benefit of its employees. Eligible employees are able to contribute to the plan upon employment. Usually after one year of employment, United Way will match those contributions up to a maximum of three percent of the employee's earnings during the year. United Way recognized an expense of \$11,977 in 2011 and \$9,113 in 2010, representing its matching contribution.

Agency Relationships. During the year, United Way acted as the fiscal agent for three unaffiliated organizations, and as a fiscal sponsor for the New Mexico Early Childhood Development Partnership (NMECDP). As fiscal agent, United Way can provide cash management and bookkeeping services to those organizations or councils. Included in other liabilities at the end of the fiscal year for the three unaffiliated organizations is \$14,036 for 2011 and \$10,920 for 2010. The financial activity of NMECDP is represented in the grant income and functional expenses of United Way financial statements, and the activity is represented below:

	2011	2010
Cash	<u>\$ 367,309</u>	61,408
Deferred revenue	<u>\$ 364,783</u>	60,193
Net assets		
Unrestricted	<u>\$ 2,526</u>	1,215

The following schedule presents the revenues and expenses for the fiscal year at June 30:

	2011	2010
Expenses		
Grant expenses	<u>\$ 414,974</u>	369,681
General revenues		
Grant income	414,974	359,681
Dividend and interest	<u>1,311</u>	1,187
Total general revenues	<u>416,285</u>	360,868
Change in net assets	<u>\$ 1,311</u>	(8,813)

**UNITED WAY OF SANTA FE COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2011**

NOTE 13. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Donor-Restricted Grants. Some donor-restricted grants contain conditions that require United Way to meet certain requirements that, if not met, could require United Way to refund the amounts received to the granting entity. United Way carefully monitors grant requirements and believes it has met all such conditions.

NOTE 14. RELATED PARTY TRANSACTIONS

At June 30, 2011, employee pledges outstanding totaled \$100,000. There were no such transactions during 2010. In addition, the United Way paid for services of companies that Board Members are employed by in the amount of \$4,640 in 2011 and \$0 in 2010.

NOTE 15. SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the Statement of Financial Position date but before financial statements are available to be issued. The United Way recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The United Way's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the Statement of Financial Position date and before financial statements are available to be issued.

The United Way has evaluated subsequent events through December 5, 2011, which is the date the financial statements were available to be issued.

UNITED WAY OF SANTA FE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

Federal Grantor-Program Title	CFDA Number	Grantor Identifying Number	Expenditures
Federal Emergency Management Assistance Emergency Food and Shelter Program	97.024	LRO # 610000-008	<u>\$ 627</u>
Total Federal Emergency Management Assistance			<u>627</u>
U.S. Department of Education Pass-through State of New Mexico CYFD ARRA-State Fiscal Stabilization	84.397	GSF-CYFD-01-11-690-9999-03107	<u>91,332</u>
Total U.S. Department of Health and Human Services			<u>91,332</u>
U.S. Department of Health and Human Services Pass-through Santa Fe County SAMHSA - Project LAUNCH	93.243	1H79SM058867-01	<u>807,333</u>
Total U.S. Department of Health and Human Services			<u>807,333</u>
Total Expenditures of Federal Awards			<u><u>\$ 899,292</u></u>

Report of Independent Auditors 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 Santa Fe County

We have audited the financial statements of United Way of Santa Fe County (United Way) (a not-for-profit organization) as of and for the year ended June 30, 2011, and have issued our report thereon dated December 5, 2011. 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

Management of the United Way is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the United Way'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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the United Way's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

To the Board of Directors
United Way of Santa Fe County

deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the United Way'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*.

This report is intended solely for the information and use of the Directors, management, others within the entity and applicable 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.

Mess Adams LLP

Albuquerque, New Mexico
December 5, 2011

**Report of Independent Auditors on Compliance
With Requirements That Could Have a Direct and
Material Effect on Each Major Program and on
Internal Control over Compliance in
Accordance with OMB Circular A-133**

To the Board of Directors
United Way of Santa Fe County

Compliance

We have audited the United Way of Santa Fe County's (United Way) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the United Way's major federal programs for the year ended June 30, 2011. The United Way's major federal programs are identified in the summary of auditor's 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 the United Way's management. Our responsibility is to express an opinion on the United Way'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 the United Way'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 the United Way's compliance with those requirements.

To the Board of Directors
United Way of Santa Fe County

In our opinion, United Way of Santa Fe County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the United Way 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 the United Way's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 the United Way's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of control deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

To the Board of Directors
United Way of Santa Fe County

control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, others within the entity and applicable 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.

Mess Adams LLP

Albuquerque, New Mexico
December 5, 2011

**UNITED WAY OF SANTA FE COUNTY
STATUS OF PRIOR YEAR AUDIT FINDINGS
Year Ended June 30, 2011**

Finding Description/Status

10-01 Payroll Process and Time and Effort Certifications	Resolved
----------------------------------------------------------	----------

**UNITED WAY OF SANTA FE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued **Unqualified**

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified? Yes None Reported

Non-compliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified? Yes None Reported

Type of auditor's 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:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.243	SAMHSA - Project LAUNCH

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 SANTA FE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2011**

B. FINDINGS-FINANCIAL STATEMENT AUDIT

None

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAM
AUDIT**

None



Carl Luff, Chair
Barbara Damron, PhD, RN, Chair-Elect
William Moffett, Treasurer & Secretary

Maggie Andersson	Alan Austin
Bob Best	Tana Bidwell
Matt Calavan	Suzy Eskridge
Dennis Hernandez	Jerry Kinkade, PhD
James Medina	Marte Murphy
Stacy Quinn	Rita Rios-Baca
Alex Valdez	Shirley Lujan
Valerie Plame Wilson	

United Way
of Santa Fe County



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