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UNITED WAY OF ILLINOIS, INC.

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2008

UNITED WAY OF ILLINOIS, INC.

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
United Way of Illinois, Inc.
Oak Brook, Illinois

We have audited the accompanying statement of financial position of

UNITED WAY OF ILLINOIS, INC.
(a nonprofit organization)

as of June 30, 2008, and the related statement of activities, statement of functional expenditures, and statement of cash flows for the year then ended. These financial statements are the responsibility of United Way of Illinois, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Illinois, 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.

Eder, Casella & Co.

EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
September 10, 2008

UNITED WAY OF ILLINOIS, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008

ASSETS	
Cash and Cash Equivalents	\$ 338,798
Investments	479,064
Accounts Receivable (Net of Allowance for Uncollectibles \$0)	32,006
Grants Receivable (Net of Allowance for Uncollectibles \$0)	568,711
Prepaid Expenses	212,220
Security Deposit	7,350
 Fixed Assets	
Furniture and Fixtures	1,093
Office Equipment	20,861
Software	2,560
Less: Accumulated Depreciation	<u>(13,220)</u>
 TOTAL ASSETS	 <u>\$ 1,649,443</u>
 LIABILITIES	
Accounts Payable	\$ 70,589
Accrued Payroll	21,706
Accrued Vacation	28,087
Pension Obligation	46,148
Deferred Revenue	1,615
Total Liabilities	<u>\$ 168,145</u>
 NET ASSETS	
Unrestricted	\$ 82,480
Unrestricted - Board Designated	646,854
Temporarily Restricted	751,964
Total Net Assets	<u>\$ 1,481,298</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 1,649,443</u>

The Notes to Financial Statements are an integral part of this statement.

UNITED WAY OF ILLINOIS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

	UNRESTRICTED		TEMPORARILY RESTRICTED		TOTAL
	UNITED WAY OF ILLINOIS	ILLINOIS PUBLIC HEALTH INSTITUTE	UNITED WAY OF ILLINOIS	ILLINOIS PUBLIC HEALTH INSTITUTE	
REVENUES, GAINS, AND OTHER SUPPORT					
Membership Dues	\$ 183,525	\$ -	\$ -	\$ -	\$ 183,525
Grants and Contracts	-	2,922	-	1,176,339	1,179,261
Donations/Contributions	3,546	7,500	-	-	11,046
Meeting Registration Income	2,565	1,025	-	-	3,590
Interest and Dividends from Investments	218	746	429	-	1,393
Miscellaneous Revenue	5,993	-	-	-	5,993
Unrealized Gain or (Loss) on Investments	(112,777)	-	-	-	(112,777)
Loss on Sale of Fixed Assets	(593)	-	-	-	(593)
Net Assets Released from Restrictions (Note 4)	-	607,890	-	(607,890)	-
Total Revenues, Gains, and Other Support	\$ 82,477	\$ 620,083	\$ 429	\$ 568,449	\$ 1,271,438
EXPENSES					
Program Services	\$ 214,957	\$ 487,070	\$ -	\$ -	\$ 702,027
Supporting Services	21,782	122,161	-	-	143,943
Management and General	236,739	609,231	-	-	845,970
Total Expenses	\$ (154,262)	\$ 10,852	\$ 429	\$ 568,449	\$ 425,468
CHANGE IN NET ASSETS					
NET ASSETS AT BEGINNING OF YEAR	801,874	70,870	7,932	175,154	1,055,830
NET ASSETS AT END OF YEAR	\$ 647,612	\$ 81,722	\$ 8,361	\$ 743,603	\$ 1,481,298

The Notes to Financial Statements are an integral part of this statement.

UNITED WAY OF ILLINOIS, INC.
STATEMENT OF FUNCTIONAL EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2008

	PROGRAM SERVICES		SUPPORTING SERVICES MANAGEMENT AND GENERAL		TOTAL
	UNITED WAY OF ILLINOIS	ILLINOIS PUBLIC HEALTH INSTITUTE	UNITED WAY OF ILLINOIS	ILLINOIS PUBLIC HEALTH INSTITUTE	
403(b) Plan	\$ 1,437	\$ 7,807	\$ 160	\$ 1,690	\$ 11,094
Accounting Fees	-	2,800	19,390	-	22,190
Advertising	-	1,199	-	-	1,199
Awards	3,123	-	-	-	3,123
Bank Service Charges	-	-	4	-	4
Consulting	57,500	70,813	-	14,500	142,813
Contractual Staff	-	36,688	-	-	36,688
Decorations	-	79	-	-	79
Depreciation	-	-	-	5,022	5,022
Dues and Subscriptions	(45)	1,185	(5)	300	1,435
Equipment Rental	562	-	62	-	624
Equipment Repairs	546	-	61	-	607
Filing Fees	-	-	189	-	189
Fringe Benefits	8,372	20,711	930	6,103	36,116
Insurance	-	-	7,064	-	7,064
Legal Fees	2,704	-	301	-	3,005
Life Insurance	1,730	2,165	192	667	4,754
Meals and Entertainment	304	44	34	196	578
Meeting Room Space	595	1,479	66	-	2,140
Meeting, Food and Beverage	3,741	7,278	416	91	11,526
Mileage	182	-	20	-	202
Miscellaneous	1,302	-	145	-	1,447
Office Rent	8,775	-	975	-	9,750
Office Supplies	777	3,732	86	1,070	5,665
Office of Public Policy	6,058	-	673	-	6,731
Payroll Processing Fee	-	1,330	2,116	1,019	4,465
Payroll Taxes	7,407	17,611	823	4,714	30,555
Pension	7,722	-	858	-	8,580
Postage and Delivery	1,192	235	132	825	2,384
Printing and Reproduction	-	2,100	-	-	2,100
Professional Fees	8,893	33,398	988	-	43,279
Registration Expense	-	747	-	40	787
Salaries and Wages	89,657	246,884	9,962	60,909	407,412
Staff Development	-	1,700	-	-	1,700
Telephone	2,354	32	262	-	2,648
Temporary Help	-	-	-	126	126
Travel	69	26,956	8	59	27,092
Utilities	-	97	-	-	97
Web Maintenance	-	-	-	700	700
Administrative Expenses	-	-	(24,130)	24,130	-
	<u>\$ 214,957</u>	<u>\$ 487,070</u>	<u>\$ 21,782</u>	<u>\$ 122,161</u>	<u>\$ 845,970</u>

The Notes to Financial Statements are an integral part of this statement.

UNITED WAY OF ILLINOIS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 425,468
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities	
Depreciation	5,022
Loss on Fixed Asset Disposal	593
Unrealized Loss on Investments	112,777
Decrease/(Increase) in Assets:	
Accounts Receivable	(8,025)
Grants Receivable	(534,961)
Prepaid Expenses	4,905
Security Deposit	(7,350)
Increase/(Decrease) in Liabilities:	
Accounts Payable	38,870
Accrued Salaries	21,706
Accrued Vacation	(9,946)
Deferred Revenue	1,615
Net Cash Flows Provided/(Used) by Operating Activities	<u>\$ 50,674</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Fixed Assets	\$ (7,941)
Proceeds from Withdrawal of Earnings	64,211
Sale of Investments	(1,337)
Net Cash Flows Provided/(Used) by Investing Activities	<u>\$ 54,933</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Net Cash Flows Provided/(Used) by Financing Activities	<u>\$ -</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 105,607
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>233,191</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 338,798</u></u>

The Notes to Financial Statements are an integral part of this statement.

UNITED WAY OF ILLINOIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The primary purpose of United Way of Illinois, Inc. (Organization) is to strengthen the United Way movement in Illinois through services to its members and advocacy for effective health and human services policies for the people of Illinois. In addition, the Organization is the designated administrator for the Illinois Public Health Institute. The Organization is a not-for-profit corporation, and all contributions are tax deductible under the Internal Revenue Code of 1986, Section 501c(3).

A. *Basis of Accounting*

The Organization maintains its accounting records and prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The accrual basis of accounting recognizes pledges as revenue when pledged and expenses when incurred. Where there is a choice between two or more generally accepted principles, the principle which the Organization believes will best reflect its financial position and results of operations is selected.

B. *Contributions*

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

C. *Fixed Assets*

The Organization has a policy of capitalizing all expenditures for fixed assets greater than \$1,000. Depreciation of the fixed assets as reported has been computed by the straight-line method over the estimated useful lives as follows:

	<u>YEARS</u>
Furniture and Fixtures	5
Office Equipment	5
Software	5

D. *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 certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Estimates* (Continued)

date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

E. *Functional Allocation of Expenses*

The costs of providing the various program services and management and general services have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the program services and management and general services benefited.

F. *Cash and Cash Equivalents*

For purposes of these financial statements, the Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

G. *Investments*

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets.

NOTE 2 - DEPOSITS AND INVESTMENTS

A. *Deposits*

At June 30, 2008, the carrying amount of the Organization's deposits and investments was \$817,862 and the bank balance was \$826,644.

	<u>CARRYING AMOUNT</u>	<u>BANK BALANCE</u>
Category #1	\$ 128,420	\$ 128,420
Category #2	689,442	698,224
	<u>\$ 817,862</u>	<u>\$ 826,644</u>

Category #1 includes deposits and investments covered by federal depositing insurance.

Category #2 includes deposits and investments which are uninsured.

B. *Reconciliation to the Statement of Financial Position*

The following summarizes cash and cash equivalents and investments as shown on the Statement of Financial Position:

Cash and Cash Equivalents	\$ 338,798
Investments	479,064
	<u>\$ 817,862</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - FIXED ASSETS

A summary of fixed assets shows:

	Cost	Accumulated Depreciation	Book Value
Furniture and Fixtures	\$ 1,093	\$ 765	\$ 328
Office Equipment	20,861	11,175	9,686
Software	2,560	1,280	1,280
	<u>\$ 24,514</u>	<u>\$ 13,220</u>	<u>\$ 11,294</u>

Depreciation expense for the year ended June 30, 2008 was \$5,022.

NOTE 4 - NET ASSETS

A. *Unrestricted*

Net assets not subject to donor-imposed stipulations.

In the fiscal year ending June 30, 2006, the Organization received a large donation that the Board has elected to designate to establish the future stability of the Organization. In any given year, the Organization can withdraw up to 80% of the earnings to be used for programs. The remaining 20% must increase the designation.

B. *Temporarily Restricted*

Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Temporarily restricted net assets at June 30, 2008 are \$743,603 of unspent grants and contributions and \$8,361 of the J. Walsh Memorial certificate of deposit.

Net assets released from donor restrictions by occurrence of time restrictions expiring (collection of June 30, 2008 grants receivable) was \$607,890 during the June 30, 2008 fiscal year.

NOTE 5 - LEASES

The Organization leases office space in Oak Brook on a month-to-month basis. Rent expense for the year ended June 30, 2008 was \$9,750.

NOTE 6 - RETIREMENT PLAN

The Organization's contributory, defined-benefit retirement plan covers substantially all Organization employees. The following table summarizes the funded status of the plan as of June 30, 2008, and the related amounts reported in the Organization's Statement of Financial Position:

Fair value of plan assets as of June 30, 2008	\$ 898,175
Benefit obligation as of June 30, 2008	(909,675)
Funded Status	<u>\$ (11,500)</u>
Unrecognized Net (Gain)/Loss	<u>220,045</u>
(Accrued)/Prepaid Pension Cost	<u>\$ 208,545</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - RETIREMENT PLAN (Continued)

During the year ended June 30, 2008, there were no employer or participant contributions and the total benefits paid were \$47,362.

Projected benefit payments from the plan as of June 30, 2008 are estimated as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2009	\$ 58,466
2010	56,997
2011	55,430
2012	53,759
2013	51,986
2014-2018	328,871

The accumulated benefit obligation was \$909,675 as of June 30, 2008.

The following assumptions were used to determine the benefit obligation and the net benefit costs as of June 30, 2008:

	<u>Benefit Obligation</u> <u>2009</u>	<u>Net Benefit Cost</u> <u>2008</u>
Discount rate	6.8%	6.3%
Expected return on plan assets	N/A	4.0%
Average pay increase rate	8.0%	8.0%

The investment policy incorporates a blended approach of target allocations of Domestic (49%), International (8%), and Hedge funds (15%), as well as fixed income (28%) investments.

NOTE 7 - FUTURE CONTRIBUTIONS

The Organization has received a federal contribution award in which the Organization will receive \$1,249,835 over five years. The Organization is scheduled to receive \$249,967 for each of the next five years. Beginning July 1, 2008, United Way of Illinois, Inc. and Illinois Public Health Institute will be split into two separate entities and Illinois Public Health Institute will receive the remainder of this federal contribution award. During the year ended June 30, 2008, the Organization received \$249,967.

NOTE 8 - SUBSEQUENT EVENTS

Beginning July 1, 2008, United Way of Illinois, Inc. and Illinois Public Health Institute will be split into two separate entities and United Way of Illinois, Inc. will no longer be the designated administrator for Illinois Public Health Institute.