

NORTHERN SANTA BARBARA COUNTY UNITED WAY, INC.

Audited Financial Statements

December 31, 2009

NORTHERN SANTA BARBARA COUNTY UNITED WAY, INC.

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Independent Auditors' Report

Board of Directors
Northern Santa Barbara County United Way, Inc.
1660B S. Broadway
Santa Maria, CA 93454

We have audited the accompanying statement of financial position of Northern Santa Barbara County United Way, Inc. (a nonprofit corporation) as of December 31, 2009, 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.

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 Northern Santa Barbara County United Way, Inc. as of December 31, 2009, 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.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim LLP

Santa Maria, California

June 22, 2010

NORTHERN SANTA BARBARA COUNTY UNITED WAY, INC.

Statement of Financial Position

December 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Assets				
Current assets				
Cash	\$ 115,809	\$ 44,904	\$ -	\$ 160,713
Securities	1,100			1,100
Accounts receivable	41,105	1,154		42,259
Promises to give		40,000		40,000
Deposits	847	1,000		1,847
Prepaid expenses	2,400			2,400
Total current assets	<u>161,261</u>	<u>87,058</u>		<u>248,319</u>
Fixed assets				
Fixed assets, at cost	737,365			737,365
Less: Accumulated depreciation	(100,663)			(100,663)
Net fixed assets	<u>636,702</u>			<u>636,702</u>
Other assets				
Promises to give Endowment		128,482		128,482
			133,616	133,616
Total other assets		<u>128,482</u>	<u>133,616</u>	<u>262,098</u>
Total assets	<u>\$ 797,963</u>	<u>\$ 215,540</u>	<u>\$ 133,616</u>	<u>\$ 1,147,119</u>
Liabilities and net assets				
Current liabilities				
Accounts payable	\$ 11,002	\$ 5,286	\$ -	\$ 16,288
Payroll liabilities	7,562			7,562
Accrued interest	1,577			1,577
Security deposits	5,500			5,500
Bank line of credit	2,949			2,949
Mortgage payable	9,883			9,883
Total current liabilities	<u>38,473</u>	<u>5,286</u>		<u>43,759</u>
Long-term liabilities				
Mortgage payable	<u>526,306</u>			<u>526,306</u>
Total liabilities	<u>564,779</u>	<u>5,286</u>		<u>570,065</u>
Net assets	<u>233,184</u>	<u>210,254</u>	<u>133,616</u>	<u>577,054</u>
Total liabilities and net assets	<u>\$ 797,963</u>	<u>\$ 215,540</u>	<u>\$ 133,616</u>	<u>\$ 1,147,119</u>

The accompanying notes are an integral part of these financial statements.

NORTHERN SANTA BARBARA COUNTY UNITED WAY, INC.

Statement of Activities

Year Ended December 31, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Support:				
Grants	\$ 47,166	\$ 233,482	\$ -	\$ 280,648
Contributions	230,360	90,205		320,565
Contributions in-kind	654,100			654,100
Total support	<u>931,626</u>	<u>323,687</u>		<u>1,255,313</u>
Revenues:				
Programs	25,017	55,555		80,572
Special events (net of direct costs)	20,381			20,381
Service fees	31,610			31,610
Rentals	83,463	7,900		91,363
Interest	1,809	158		1,967
Unrealized gain on donated stock	42			42
Endowment investment income			10,685	10,685
Total revenues	<u>162,322</u>	<u>63,613</u>	<u>10,685</u>	<u>236,620</u>
Total support and revenues	<u>1,093,948</u>	<u>387,300</u>	<u>10,685</u>	<u>1,491,933</u>
Reclassifications:				
Temporarily restricted net assets released from restrictions	<u>370,080</u>	<u>(370,080)</u>		
Total support, revenues and reclassifications	<u>1,464,028</u>	<u>17,220</u>	<u>10,685</u>	<u>1,491,933</u>
Expenses:				
Program services:				
Education	152,730			152,730
Financial stability	469,622			469,622
Health and basic needs	437,494			437,494
Other programs	231,494			231,494
Total program expenses	<u>1,291,340</u>			<u>1,291,340</u>
Support services:				
Management and general	78,005			78,005
Fund raising	54,908			54,908
Total expenses	<u>1,424,253</u>			<u>1,424,253</u>
Increase in net assets	<u>39,775</u>	<u>17,220</u>	<u>10,685</u>	<u>67,680</u>
Net assets at beginning of year	<u>193,409</u>	<u>193,034</u>	<u>122,931</u>	<u>509,374</u>
Net assets at end of year	<u>\$ 233,184</u>	<u>\$ 210,254</u>	<u>\$ 133,616</u>	<u>\$ 577,054</u>

The accompanying notes are an integral part of these financial statements.

NORTHERN SANTA BARBARA COUNTY UNITED WAY, INC.

Statement of Functional Expenses for Program and Support Services

Year Ended December 31, 2009

	Program Services				Support Services			Total Expenses
	Education	Financial Stability	Health and Basic Needs	Other	Total Programs	Management and General	Fund Raising	
Salaries and wages	\$ 62,743	\$ 62,743	\$ 62,743	\$ -	\$ 188,229	\$ 22,143	\$ 11,072	\$ 221,444
Payroll taxes	2,373	2,373	2,373		7,119	839	419	8,377
Health insurance	3,819	3,819	3,819		11,457	1,348	674	13,479
Total personnel costs	68,935	68,935	68,935		206,805	24,330	12,165	243,300
Accounting services	7,384	7,384	7,384		22,152	2,610	1,350	26,112
Advertising						2,680		2,680
AmeriCorps			195		195			195
Annual report						168		168
Bank and credit card fees						1,252		1,252
Campaign							3,334	3,334
Computer services						3,419	3,647	7,066
Contract labor				17,970	17,970	580	1,301	1,881
Designations								17,970
Dues and subscriptions						2,159	4,249	6,408
Entertainment						4,071		4,071
Equipment rental	1,414	1,414	1,414		4,242	498	250	4,990
Insurance	2,846	2,846	2,846		8,538	1,004	502	10,044
Interest	11,372	11,372	11,372		34,116	4,013	2,006	40,135
Internet						482		482
Office supplies						5,317		5,317
Postage and shipping						1,143		1,143
Printing and copying	918	918	918		2,754	324	163	3,241
Programs - Born Learning	61				61			61
Programs - CA Volunteers Vista			2,335		2,335			2,335
Programs - CVMN Hub			851		851			851
Programs - First 5	2,439				2,439			2,439
Programs - Fun in the Sun	2,550				2,550			2,550
Programs - Gifts in Kind		4,575	4,575		9,150			9,150
Programs - Healthy Families			833		833			833
Programs - Imagination Library	200				200			200

The accompanying notes are an integral part of these financial statements.

NORTHERN SANTA BARBARA COUNTY UNITED WAY, INC.

Statement of Functional Expenses for Program and Support Services
Year Ended December 31, 2009

	Program Services			Support Services			Total Expenses
	Education	Financial Stability	Health and Basic Needs	Other	Management and General	Fund Raising	
Programs - Latino Fund				532			532
Programs - Lompoc Fund				27,440			27,440
Programs - Neighbor to Neighbor			650				650
Programs - Prescription Card			76				76
Programs - Santa Maria Fund				35,615			35,615
Programs - Santa Ynez Fund				111			111
Programs - Teen Leadership	15,639						15,639
Programs - VITA		53,021					53,021
Programs - Women's Fund				149,826			149,826
Rent	4,886	4,886	4,886		1,725	862	17,245
Repairs and maintenance	1,358	1,358	1,358		479	240	4,793
Santa Ynez Nonprofit Center					1,307		1,307
Special events direct costs						21,493	21,493
Staff development					1,229		1,229
Strategic planning					4,000		4,000
Taxes and penalties					549		549
Telephone	1,588	1,588	1,588		560	280	5,604
Travel and meetings					6,040		6,040
Uncollectible pledges						22,608	22,608
Utilities	3,858	3,858	3,858		1,362	680	13,616
Subtotal expenses	125,448	162,155	114,074	231,494	71,301	75,130	779,602
Contributions in-kind	23,869	304,054	320,007		5,500	670	654,100
Depreciation	3,413	3,413	3,413		1,204	601	12,044
Less special event direct costs						(21,493)	(21,493)
Total expenses	\$ 152,730	\$ 469,622	\$ 437,494	\$ 231,494	\$ 78,005	\$ 54,908	\$ 1,424,253
Percent of total expenses	10.72%	32.97%	30.72%	16.25%	5.48%	3.86%	100.00%

The accompanying notes are an integral part of these financial statements.

NORTHERN SANTA BARBARA COUNTY UNITED WAY, INC.

Statement of Cash Flows

Year Ended December 31, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Cash flows from operating activities				
Increase in net assets	\$ 39,775	\$ 17,220	\$ 10,685	\$ 67,680
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:				
Depreciation	12,044			12,044
Stock donation	(1,058)			(1,058)
Unrealized gain on fair value of securities	(42)			(42)
Changes in operating assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(41,105)	25,066		(16,039)
Promises to give		(168,482)		(168,482)
Deposits		(1,000)		(1,000)
Prepaid expenses	4,402			4,402
Increase (decrease) in:				
Accounts payable	(15,089)	6,418		(8,671)
Payroll liabilities	1,550			1,550
Accrued interest	1,577			1,577
Security deposits	750			750
Net cash provided (used) by operating activities	<u>2,804</u>	<u>(120,778)</u>	<u>10,685</u>	<u>(107,289)</u>
Cash flows from investing activities				
Endowment reinvestments			(10,685)	(10,685)
Net cash used by investing activities			<u>(10,685)</u>	<u>(10,685)</u>
Cash flows from financing activities				
Bank line-of-credit proceeds	4,647			4,647
Bank line-of-credit payments	(1,698)			(1,698)
Mortgage principal payments	(9,217)			(9,217)
Net cash used by financing activities	<u>(6,268)</u>			<u>(6,268)</u>
Net decrease in cash and equivalents	(3,464)	(120,778)		(124,242)
Cash and cash equivalents at beginning of year	<u>119,273</u>	<u>165,682</u>		<u>284,955</u>
Cash and cash equivalents at end of year	<u>\$ 115,809</u>	<u>\$ 44,904</u>	<u>\$ -</u>	<u>\$ 160,713</u>
Supplementary cash flow disclosure:				
Cash paid for interest	<u>\$ 38,558</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,558</u>

The accompanying notes are an integral part of these financial statements.

NORTHERN SANTA BARBARA COUNTY UNITED WAY, INC.

Notes to the Financial Statements

Year Ended December 31, 2009

Note 1 - Significant Accounting Policies

The following is a summary of significant accounting policies followed in the preparation of these financial statements. The policies conform to accounting principles generally accepted in the United States of America applicable to voluntary health and welfare organizations and have been consistently applied.

Nature of operations

Northern Santa Barbara County United Way, Inc. (NSBCUW) is a nonprofit corporation organized to improve lives by mobilizing the caring power of communities in the northern Santa Barbara County area of California. NSBCUW works with individuals and organizations to identify and resolve pressing community issues through its various programs. NSBCUW funds its operations primarily through grants and contributions.

Description of programs

Education - Supports programs for children and youth to ensure they are ready academically, socially, and emotionally for kindergarten, and are prepared to graduate from high school, and pursue secondary education. Educational programs include Born to Learn, Early Readers, Dolly Parton's Imagination Library, and Teen Leadership.

Financial Stability - Allows lower-income working families to work toward financial independence through programs such as Volunteer Income Tax Assistance (VITA) for preparation of tax returns with a focus on obtaining the earned income tax credit for those who qualify, Financial Literacy, assistance with budgeting and planning, and Gifts in Kind.

Health and Basic Needs - Efforts that contribute to a healthy progression through life; striving for a normal birth weight, preventive health care beginning in early childhood, avoiding risky behaviors, and staying healthy through youth and adulthood. Programs include discount prescription drug cards, Healthy Families, Neighbor to Neighbor, and Gifts in Kind.

Other - NSBCUW organizes community based fund raising with the Lompoc Fund, the Santa Maria Fund, the Santa Ynez Fund, the Latino Fund, the Women's Fund, and the Designations Fund. These funds then award monies to other nonprofit organizations providing needed community services.

Management and General - Includes the functions necessary to maintain the Organization's support programs; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy through the office of the executive director; secure proper administrative functioning of the board of directors; maintain competent legal services for the program administration of the Organization; and manage the financial and budgetary responsibilities of the Organization.

Fund raising - Provides the structure necessary to encourage and secure private financial support from individuals, foundations, businesses, and government agencies.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other accruals.

Basis of presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations, or that expire by the passage of time. NSBCUW has several temporarily restricted funds described in Note 13 of these financial statements.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of such assets permit the Organization to use all or part of the income earned on the assets. NSBCUW has a permanently restricted endowment fund with Santa Barbara Foundation.

NORTHERN SANTA BARBARA COUNTY UNITED WAY, INC.

Notes to the Financial Statements

Year Ended December 31, 2009

Note 1 - Significant Accounting Policies (continued)

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses

The costs of providing the various programs have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain management and general expenses have been allocated among the program and supporting services benefited.

Tax status

NSBCUW has been determined to be exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, qualifies for the charitable contribution deduction under Section 170(b)(1)(A), and has been classified as an organization other than a private foundation under Section 509(a)(2).

Cash

All short-term investments with original maturities of three months or less are considered to be cash equivalents.

Securities

Securities consist of donated stock with readily determinable fair values, presented at fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Accounts receivable and allowance for doubtful accounts

Receivables are accounted for on the accrual basis and become past due after 30 days. No allowance for uncollectable accounts has been provided, as NSBCUW monitors and writes off receivables and pledges deemed uncollectable regularly, due to employment changes of pledgors. Receivables and pledges aged 90 days or more totaled \$4,382, or 10% of the total receivables balance, for the year ended December 31, 2009.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Promises to give consists of multiple year grants from an individual and two organizations.

Deposits

Deposits are refundable amounts held by another organization for provision of services or facilities. Deposits currently consist of a \$1,000 security deposit for office space at the Santa Ynez Nonprofit Center in Solvang, and \$847 held by an insurance company as a workers' compensation deposit on account.

Fixed assets

Purchases of fixed assets costing \$500 or more are capitalized. Donated fixed assets valued at \$500 or more are capitalized and recorded at fair value at the time of receipt. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The cost and accumulated depreciation of property sold or retired is removed from the related asset and accumulated depreciation accounts, and any resulting gain or loss is recorded in the year of disposal. Depreciation is calculated utilizing the straight-line method over the estimated useful lives of the assets, that range from five to six years for furniture and equipment, and 40 years for the building and improvements.

Donations of property and equipment

Donations of property and equipment (long-lived assets) that do not have donor imposed stipulations about how long the property must be used are recorded as unrestricted contributions in the year received.

NORTHERN SANTA BARBARA COUNTY UNITED WAY, INC.

Notes to the Financial Statements
Year Ended December 31, 2009

Note 1 - Significant Accounting Policies (continued)

Endowment

NSBCUW established an endowment fund with Santa Barbara Foundation for the purpose of generating investment income for use by NSBCUW in perpetuity. Because NSBCUW named itself as beneficiary of the funds, assets transferred to Santa Barbara Foundation are assets of NSBCUW, in accordance with Statement of Financial Accounting Standards No. 136, even though the gift instrument grants variance power to Santa Barbara Foundation. Variance power is defined as the unilateral power to redirect the use of any gifts or assets to another beneficiary.

Security deposits

NSBCUW holds security deposits for tenants leasing office space in its Santa Maria building, and/or subleasing office space in a new location in Solvang, obtained to expand NSBCUW's presence in the Santa Ynez Valley. NSBCUW leases office space only to qualifying nonprofit organizations, under annual operating lease agreements. Security deposits are refunded to tenants upon termination of the leases, if the premises have been adequately maintained during the term of the lease.

Contributed services

NSBCUW records the fair value of contributed services in the financial statements if the services either (a) create or enhance a nonfinancial asset or (b) require specialized skills; are provided by persons possessing those skills; and would need to be purchased if they were not donated as required by SFAS No. 116. A substantial number of volunteers have donated significant amounts of time to NSBCUW's activities, that is not reflected in the accompanying financial statements because these services did not meet the above criteria.

Gifts in Kind

NSBCUW participates in the Gifts in Kind Program sponsored by Gifts in Kind International, a nonprofit organization that obtains ownership of goods, supplies, materials, furniture, furnishings, appliances, etc. from various corporate vendors, and passes the right to receive these goods to participating nonprofit organizations in local communities. NSBCUW pays a membership fee annually to participate in this program, and provides its resulting allocation of goods to individuals and nonprofit organizations in the community who qualify. Items may be delivered to, dropped-shipped to, or picked up by recipients, as arranged in advance. NSBCUW charges local nonprofit organizations a small membership fee for participation in the program, as deemed appropriate.

Revenue recognition

Grants and contributions are recognized as revenue when received, or receivables if the amount to be received can be reasonably estimated and collection is reasonably assured, under the accrual method of accounting. All other revenues and expenditures are recorded when earned.

Restricted and unrestricted revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is 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 and reported in the statement of activities as net assets released from restrictions.

Advertising costs

Advertising costs intended to solicit revenue in an exchange transaction are recorded as management and general expenses in the period incurred.

NORTHERN SANTA BARBARA COUNTY UNITED WAY, INC.

Notes to the Financial Statements

Year Ended December 31, 2009

Note 2 - Cash

Cash and money market funds are held in separate bank and investment accounts when restricted for specific purposes. All cash was insured and consisted of the following, at December 31, 2009:

Operating cash:	
Investment fund - Mission Community Bank	\$ 56,416
Certificate of Deposit - Coast Hills Federal Credit Union	50,707
Checking - Heritage Oaks Bank	8,608
Petty cash	78
Subtotal operating cash	<u>115,809</u>
Temporarily restricted cash:	
Santa Ynez Valley Nonprofit Center - Mission Community Bank	21,435
Santa Maria Fund - Mission Community Bank	10,563
Lompoc Fund - Community Bank of Santa Maria	11,480
Latino Fund - Mission Community Bank	434
Financial Stability Fund - Mission Community Bank	2
Designations Fund - Heritage Oaks Bank	990
Subtotal temporarily restricted cash	<u>44,904</u>
Total cash	<u>\$ 160,713</u>

Note 3 - Securities

In December 2009, 60 shares of Manulife Financial Corporation common stock was donated to NSBCUW. Fair value of the stock at the date of donation was \$1,058. Fair value of the stock at December 31, 2009, was \$1,100, resulting in an unrealized gain of \$42. The stock is held in a Morgan Stanley Smith Barney investment account.

Note 4 - Concentrations

Two contributors accounted for ten percent or more of accounts receivable at December 31, 2009, as follows:

	Amount	% of Total
United Way of Southeastern Pennsylvania	\$ 5,664	13%
Community Action Commission of Santa Barbara County (VITA)	5,329	13%
All other	31,266	74%
Total accounts receivable	<u>\$ 42,259</u>	<u>100%</u>

No single contributor accounted for ten percent or more of total support and revenues for the year ended December 31, 2009, except as discussed in Note 5, below.

Note 5 - Promises to Give

As stated in Note 1, unconditional promises to give consist of multiple year grants from an individual and two organizations at December 31, 2009. Unconditional promises to give are discounted at 3% and are due by 2011 and 2014, as detailed below:

	Short-term	Long-term	Discount Long-term	Net Long-term	Total
Joan Almond	\$ 5,000	\$ 5,000	\$ (146)	\$ 4,854	\$ 9,854
Santa Ynez Band of Chumash Indians	10,000	10,000	(865)	9,135	19,135
Comcast Cable Communications, Inc.	25,000	125,000	(10,507)	114,493	139,493
Total	<u>\$ 40,000</u>	<u>\$ 140,000</u>	<u>\$ (11,518)</u>	<u>\$ 128,482</u>	<u>\$ 168,482</u>

The first two promises to give are restricted for the Santa Ynez Nonprofit Center in Solvang. The Comcast promise to give is restricted due to time constraints, and becomes unrestricted at \$25,000 per year through 2014.

NORTHERN SANTA BARBARA COUNTY UNITED WAY, INC.

Notes to the Financial Statements

Year Ended December 31, 2009

Note 6 - Fixed Assets

Fixed assets activity for the year ended December 31, 2009, is as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Land	\$ 279,300	\$ -	\$ -	\$ 279,300
Buildings	441,950			441,950
Furniture, fixtures, and equipment	16,115			16,115
Fixed assets at cost	737,365			737,365
Less: Accumulated depreciation	88,619	12,044		100,663
Net fixed assets	<u>\$ 648,746</u>	<u>\$ (12,044)</u>	<u>\$ -</u>	<u>\$ 636,702</u>

Note 7 - Endowment

As described in Note 1, assets were transferred to an endowment fund held by the Santa Barbara Foundation in a prior year. Endowment activity for the year ended December 31, 2009, is as follows:

Beginning balance	<u>\$122,931</u>
Investment earnings	1,722
Fees	(1,749)
Gains	<u>18,597</u>
Net endowment income	18,570
Grant distribution to NSBCUW	<u>(7,885)</u>
Net increase in endowment assets	<u>10,685</u>
Ending balance	<u>\$ 133,616</u>

Note 8 - Security Deposits

NSBCUW holds security deposits for rental of office space from four organizations. Three of these organizations rent office space in the newly formed Santa Ynez Nonprofit Center in Solvang. Security deposits at December 31, 2009, are as follows:

1660B S. Broadway Ave., Santa Maria:	
Family Care Network	\$ 4,750
Santa Ynez Nonprofit Center:	
Community Action Commission of Santa Barbara County	250
Court Appointed Special Advocates	250
United Way of Santa Barbara County	<u>250</u>
Total security deposits	<u>\$ 5,500</u>

Note 9 - Bank Line of Credit

NSBCUW has a \$25,000 line of credit with Heritage Oaks Bank, dated February 5, 2009, with interest calculated at 2% over prime, or 6% at inception, and maturing on February 5, 2010. The balance on the loan at December 31, 2009, was \$2,949. Terms of the loan were changed on February 5, 2010 to a maturity date of April 5, 2010. On April 5, 2010, the line of credit was extended for another year, with interest calculated at 2% over prime, or 6% at inception, maturing April 5, 2011. The line of credit is payable on demand, and is unsecured.

NORTHERN SANTA BARBARA COUNTY UNITED WAY, INC.

Notes to the Financial Statements

Year Ended December 31, 2009

Note 10 - Mortgage Payable

NSBCUW holds a mortgage payable to the Silvio D. Di Loreto 2001 Charitable Remainder Unitrust, dated April 16, 2002, in the amount of \$665,000, with interest calculated at 7%, and maturing in 30 years. Terms of the mortgage changed on July 25, 2005, to the remaining mortgage principal balance of \$590,000, payable in monthly installment of \$3,925, consisting of principal and interest calculated at 7%. The mortgage matures on October 15, 2032, and is secured by the office building at 1660B S. Broadway Ave., Santa Maria, California. The principal balance of the mortgage at December 25, 2009, was \$536,189, and accrued interest was \$1,577, at that same date. The maturity schedule of the mortgage over the next five years is as follows:

Year ended December 31,		
2010		\$ 9,883
2011		10,597
2012		11,365
2013		12,185
2014		13,066
Thereafter		479,093
Total		<u>\$ 536,189</u>

Note 11 - Lessee Operating Leases

NSBCUW leases equipment, and office space in the Santa Ynez Nonprofit Center in Solvang, under operating leases that expire in 2012 and 2014. The leases are not transferable. The office space lease has a three year term with monthly payments of \$1,500 in the first two years, and \$3,175 in year three. Office space in the Santa Ynez Nonprofit Center may be, and currently is, subleased to qualified 501(c)(3) tax exempt entities (see Note 12). Rent expense for the leases totaled \$22,235, for the year ended December 31, 2009. Future minimum rental payments required under operating leases are as follows:

Year ended December 31,		
2010		\$ 25,641
2011		42,170
2012		11,770
2013		5,019
2014		4,183
Total		<u>\$ 88,783</u>

Note 12 - Lessor Operating Leases

NSBCUW purchased its office building at 1660B S. Broadway Ave., in Santa Maria, and leases office space to other nonprofit organizations, under operating lease agreements that expire in 2010 and are renewable annually, and one lease agreement that expires in 2013. As described in Note 11 above, NSBCUW leases the Santa Ynez Nonprofit Center in Solvang, and subleases office space to qualified 501(c)(3) tax exempt entities. Rent income for the operating leases totaled \$91,363, for the year ended December 31, 2009. Future minimum rental income under operating lease agreements are as follows:

Year ended December 31,	Santa Maria	Solvang	Total
2010	\$ 76,739	\$ 9,600	\$ 86,339
2011	57,018	9,600	66,618
2012	57,018	2,400	59,418
2013	9,503		9,503
Total	<u>\$ 200,278</u>	<u>\$ 21,600</u>	<u>\$ 221,878</u>

The cost of the Santa Maria property is \$721,250, accumulated depreciation is \$84,875, resulting in a net book value of \$636,375, at December 31, 2009.

NORTHERN SANTA BARBARA COUNTY UNITED WAY, INC.

Notes to the Financial Statements

Year Ended December 31, 2009

Note 13 - Restricted Net Assets

Temporarily restricted net assets consists of grants and contributions received during the year, and temporarily restricted for a specific purpose. Also included, are as yet uncollected annual campaign pledges and designations. Activity for temporarily restricted net assets for the year ended December 31, 2009, is as follows:

	Beginning Balance	Funds Received	Funds Released	Ending Balance
CFC Designations	\$ 4,755	\$ -	\$ (4,755)	\$ -
Community funds (pledges)	8,299	39,595	(8,299)	39,595
Designations	757	13,449	(13,215)	991
Financial Stability Fund	6,104	55,713	(52,986)	8,831
First 5 Program		61		61
Fun in the Sun Program		128		128
Healthy Families Grant	833		(833)	
Latino Fund	65	1,100	(731)	434
Lompoc Fund	31,624	7,296	(27,440)	11,480
Promises to give		168,482	(55,000)	113,482
Santa Maria Fund	30,142	16,035	(35,615)	10,562
Santa Ynez Fund	814	719	(111)	1,422
Santa Ynez Nonprofit Center Fund		42,742	(20,308)	22,434
Teen Leadership	1,795		(961)	834
Women's Fund	107,846	41,980	(149,826)	
Total	<u>\$ 193,034</u>	<u>\$387,300</u>	<u>\$(370,080)</u>	<u>\$210,254</u>

Permanently restricted net assets consist of the Endowment Fund, held by Santa Barbara Foundation. Activity for permanently restricted net assets for the year ended December 31, 2009, is as follows (see Note 7):

Endowment Fund	<u>\$ 122,931</u>	<u>\$ 10,685</u>	<u>\$ -</u>	<u>\$133,616</u>
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Note 14 - Special Events

NSBCUW conducted several special events during the year as part of its fund raising efforts. Activity for the special events is detailed below. Receipts include special event revenue excluding contributions.

	Receipts	Direct Costs	Net Proceeds
Annual Meeting	\$ 3,270	\$ 3,918	\$ (648)
Exxon Mobil	4,915	4,915	
Mayors' Ball	29,402	12,204	17,198
Stuff the Bus	761	456	305
Other	3,526		3,526
Total	<u>\$ 41,874</u>	<u>\$ 21,493</u>	<u>\$ 20,381</u>

Note 15 - Contributions In-kind

Contributions in-kind for the year ended December 31, 2009, are as follows:

Advertising - KSBY	\$ 4,000
Banners and fund raising items	2,350
Neighbor to Neighbor Drive	7,898
Toyota of Santa Maria - advertising and materials	7,266
Stuff the Bus educational items for students	24,478
Gifts in Kind Program	608,108
Total contributions in-kind	<u>\$ 654,100</u>

NORTHERN SANTA BARBARA COUNTY UNITED WAY, INC.

Notes to the Financial Statements

Year Ended December 31, 2009

Note 16 - Related Parties

During the year ended December 31, 2009, the following related party transactions were noted:

The board president owns the company that provides personnel and payroll services to NSBCUW. Fees paid to this company for services rendered during the year ended December 31, 2009, totaled \$8,377.

The board treasurer owns the real estate company that holds the listing for NSBCUW's property at 1660B S. Broadway Ave., in Santa Maria. This will result in a sales commission if the property sells while under contract with the real estate company.

The executive director provides web site maintenance services at a minimal annual cost.