

Berkshire United Way, Inc.

Financial Statements
June 30, 2010 and 2009

Berkshire United Way, Inc.

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Smith, Watson & Company, LLP

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Independent Auditors' Report

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John M. Watson, CPA, PFS

October 12, 2010

To the Board of Directors
of Berkshire United Way, Inc.

We have audited the accompanying statements of financial position of Berkshire United Way, Inc. as of June 30, 2010 and 2009 and the related statements of activities, cash flows, and functional expenses for the years 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 audits.

We conducted our audits 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 audits provide 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 Berkshire United Way, Inc. as of June 30, 2010 and 2009, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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Berkshire United Way, Inc.

Statements of Financial Position

June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Assets		
Current Assets		
Cash and cash equivalents (Note 3)	\$ 156,869	\$ 803,558
Pledges receivable:		
Current campaign	900,500	1,007,990
Less: Allowance for uncollectible pledges	(117,459)	(118,589)
Investments, at market value (Note 5)	1,616,372	1,330,908
Grants receivable (Note 4)	41,791	88,713
Prepaid expenses	3,245	0
Other receivables	193	10,207
	<hr/>	<hr/>
Total Current Assets	2,601,511	3,122,787
Permanently restricted investments, at market value (Note 5)	316,492	306,492
Property and equipment, net (Note 6)	327,636	338,323
	<hr/>	<hr/>
Total Assets	<u>\$ 3,245,639</u>	<u>\$ 3,767,602</u>
Liabilities and Net Assets		
Current Liabilities		
Allocations payable (Note 7)	\$ 1,647,557	\$ 1,875,006
Due to designated agencies	182,987	181,076
Accounts payable	4,221	6,845
Deferred revenue	2,817	0
Current portion of long-term debt (Note 8)	17,744	12,405
	<hr/>	<hr/>
Total Current Liabilities	1,855,326	2,075,332
Long-term debt, net of current portion (Note 8)	120,728	136,905
	<hr/>	<hr/>
Total Liabilities	1,976,054	2,212,237
Net Assets		
Unrestricted		
Undesignated operating	164,074	413,434
Board designated - 3 month reserve (Note 14)	588,377	634,462
Building and equipment	191,442	200,977
Temporarily restricted (Note 12)	9,200	0
Permanently restricted (Note 13)	316,492	306,492
	<hr/>	<hr/>
Total Net Assets	1,269,585	1,555,365
	<hr/>	<hr/>
Total Liabilities and Net Assets	<u>\$ 3,245,639</u>	<u>\$ 3,767,602</u>

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

Berkshire United Way, Inc.

Statement of Activities

For the Year Ended June 30, 2010 with Summarized
Financial Information for the Year Ended June 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2010</u>	<u>Summarized Information 2009</u>
Revenues, Gains and Other Support					
Campaign					
Contributions received-current campaign	\$ 2,177,494	\$ 0	\$ 0	\$ 2,177,494	2,579,851
Contributions received-prior campaign	44,594	0	0	44,594	84,977
In-Kind contributions	7,073	0	0	7,073	19,232
Special events	1,725	0	0	1,725	12,410
Gross campaign results	2,230,886	0	0	2,230,886	2,696,470
Less: Donor designations to outside parties	(261,631)	0	0	(261,631)	(276,851)
Total Campaign	1,969,255	0	0	1,969,255	2,419,619
Private and government grants	156,302	0	0	156,302	163,547
Planned gifts / bequests	0	0	10,000	10,000	10,202
Designations from other United Ways and third parties	73,944	0	0	73,944	50,300
Rental income	88,694	0	0	88,694	88,430
Investment income (Note 5)	38,512	10,242	0	48,754	40,862
Net unrealized / realized loss on investments	(77,397)	(1,042)	0	(78,439)	(133,598)
Service fees and miscellaneous revenue	28,850	0	0	28,850	27,225
Total Revenues, Gains and Other Support	2,278,160	9,200	10,000	2,297,360	2,666,587
Allocations and Other Expenses					
Community investment	2,092,655	0	0	2,092,655	2,276,545
Resource development	252,001	0	0	252,001	284,911
Building operations	73,327	0	0	73,327	89,127
Management and general	165,157	0	0	165,157	162,880
Total Expenses	2,583,140	0	0	2,583,140	2,813,463
Change in Net Assets	(304,980)	9,200	10,000	(285,780)	(146,876)
Net Assets, July 1	1,248,873	0	306,492	1,555,365	1,702,241
Net Assets, June 30	\$ 943,893	\$ 9,200	\$ 316,492	\$ 1,269,585	1,555,365

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

Berkshire United Way, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash Flows from Operating Activities		
Decrease in net assets	\$ (285,780)	\$ (146,876)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	22,239	26,755
Donated securities	(7,405)	(28,173)
Unrealized/realized loss on long-term investments	78,439	133,718
Decrease (increase) in operating assets:		
Pledges receivable	106,359	171,746
Other receivables	56,936	(72,138)
Increase (decrease) in operating liabilities:		
Allocations payable	(227,449)	(262,608)
Accounts payable	(2,624)	(931)
Unearned income	2,817	0
Designations payable	1,911	(26,977)
	<u>(254,557)</u>	<u>(205,484)</u>
Net Cash Used for Operating Activities		
Cash Flows from Investing Activities		
Purchases of long-term investments	(1,465,356)	(1,935,901)
Reinvested interest and dividends	(49,500)	(61,578)
Proceeds from sale of long-term investments	1,145,116	2,350,839
Purchases of property and equipment	(11,554)	0
	<u>(381,294)</u>	<u>353,360</u>
Net Cash Provided by (Used for) Investing Activities		
Cash Flows from Financing Activities		
Proceeds from long-term debt	5,099	0
Principal payments on long-term debt	(15,937)	(11,531)
	<u>(10,838)</u>	<u>(11,531)</u>
Net Cash Used for Financing Activities		
Net Increase (Decrease) in Cash and Equivalents	(646,689)	136,345
Cash and Equivalents, Beginning	<u>803,558</u>	<u>667,213</u>
Cash and Equivalents, Ending	<u>\$ 156,869</u>	<u>\$ 803,558</u>
Supplemental disclosure on cash flows:		
Interest paid	\$ 8,565	\$ 10,724

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

Berkshire United Way, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2010 with Summarized
Financial Information for the Year Ended June 30, 2009

	<u>Community Investment</u>	<u>Resource Development</u>	<u>Building Operations</u>	<u>Management and General</u>	<u>Total 2010</u>	<u>Summarized Information 2009</u>
Allocations and Grants						
Allocations to agencies	\$ 1,647,557	\$ 0	\$ 0	\$ 0	\$ 1,647,557	\$ 1,847,922
Special Community Projects	37,338	0	0	5,220	42,558	47,535
Mass 211	4,555	0	0	0	4,555	8,426
Substance Prevention Partnership	94,014	0	0	0	94,014	112,643
Total	<u>1,783,464</u>	<u>0</u>	<u>0</u>	<u>5,220</u>	<u>1,788,684</u>	<u>2,016,526</u>
Compensation and Related Expenses						
Salaries	206,054	123,906	0	82,811	412,771	370,149
Employee benefits	31,180	22,282	0	15,357	68,819	64,284
Payroll taxes	19,341	11,627	0	7,465	38,434	35,932
Total	<u>256,576</u>	<u>157,815</u>	<u>0</u>	<u>105,633</u>	<u>520,024</u>	<u>470,365</u>
Support Costs						
Contracted services	15,984	33,950	250	13,414	63,598	53,619
Supplies and small equipment	3,503	11,533	0	1,672	16,708	17,873
Telephone	1,842	1,842	0	853	4,537	5,190
Postage	1,066	4,828	0	548	6,442	9,504
Occupancy-other than depreciation	0	0	49,322	0	49,322	55,034
Equipment maintenance	8,302	15,186	0	4,207	27,695	31,400
Printing and publications	457	10,510	0	0	10,967	23,062
Advertising	5,810	1,682	0	75	7,566	24,535
Special events	1,031	2,147	0	(0)	3,178	11,650
Travel	2,354	683	0	603	3,640	2,189
Conferences - meetings	1,054	1,207	0	658	2,918	5,026
Conferences - training	999	317	0	5,541	6,857	7,565
Dues and subscriptions	460	548	0	315	1,322	1,607
National and state affiliation dues	9,754	9,754	0	9,754	29,261	29,199
General and liability insurance	0	0	2,553	2,821	5,374	8,542
Bank charges	0	0	88	2,966	3,054	2,748
Interest	0	0	8,564	0	8,565	10,724
Depreciation	0	0	12,549	9,690	22,239	26,755
Miscellaneous	0	0	0	1,188	1,188	350
Total	<u>52,616</u>	<u>94,185</u>	<u>73,327</u>	<u>54,304</u>	<u>274,432</u>	<u>326,572</u>
Total Expenses	<u>\$ 2,092,655</u>	<u>\$ 252,001</u>	<u>\$ 73,327</u>	<u>\$ 165,157</u>	<u>\$ 2,583,140</u>	<u>\$ 2,813,463</u>

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

Berkshire United Way, Inc.

Notes to the Financial Statements

1. Organization and Operations

Berkshire United Way, Inc. (Organization) leads the effort to solve the most pressing problems in the Berkshires by building collaborations among donors, businesses, non-profits, faith-based groups and the public sector. Working together the community identifies needs, develops solutions, and invests in programs that attack root causes and deliver meaningful and measurable results – all to create sustained changes in Berkshire County. Through a series of community meetings, education and employment have been identified as top priorities. The Organization is a not-for-profit corporation as described in Section 501(c) (3) of the Internal Revenue Code and is exempt from income taxes.

2. Summary of Significant Accounting Policies

Method of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Organization is required to present a statement of cash flows.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

Revenue Recognition

The Organization reports campaign contributions net of amounts that are designated by donors to a specific 501(c)(3) non-profit agency. Donor designated pledges are assessed both a fund raising and administrative processing fee based on historical costs in accordance with United Way Worldwide membership standards as outlined in their publication titled *United Way of America Implementation requirement for Membership Standard M (Cost deduction for Designated Funds)*. To be in conformity with financial reporting guidelines established by United Way Worldwide, designations received from other United Way's and third party administrators where the funds are not raised in the Berkshire United Way service area and administrative/fundraising fees were charged, are reflected in the other revenue section of the Statement of Activities.

Donor Imposed Restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor or designated for future periods. Amounts designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted to support the increases in those net asset classes.

When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restriction.

Berkshire United Way, Inc.

Notes to the Financial Statements

If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

Promises to Give/Pledges

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value at the time of the pledge. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Contributed Services

Volunteers contribute services to the Organization in all aspects of its programs for which no value has been assigned or recognized. Approximately 8,626 volunteer hours were contributed including 2,100 hours by volunteers loaned from local companies participating in the Berkshire United Way's annual campaign.

Campaign Pledges and Appropriations

An annual fundraising campaign commences on July 1 to obtain donations and pledges to support Berkshire United Way activities including community grants. Community grants are recommended by community volunteers and approved by the board of directors. These expenses are recorded prior to fiscal year end. Monthly distributions will begin in the subsequent fiscal year.

The pledge receivables balance at year end reflects campaign pledges due with an allowance for amounts estimated to be uncollectible. Provisions for uncollectible pledges are computed based upon historical averages and adjusted as needed by management's estimates of current economic factors. Pledges are recorded at gross. The "Allowance for Uncollectible" includes provisions for service fees charged by third party processors.

Cash and Equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents.

Retirement Plan

During 2003, the Organization established a 403(b) Thrift Plan for Employees (Plan). Under the Plan employees can make salary reduction contributions. Employees are eligible for matching and base contributions from the Organization upon reaching age twenty one (21) and achieving one year of service (1,000 hours). Contributions made by the Organization were \$18,122 and \$13,596 for the years ended June 30, 2010 and 2009, respectively.

Property and Equipment

Depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets using the straight-line method. Donated equipment is recorded at fair market value at the date of the donation. Purchased equipment is recorded at cost. The capitalization threshold amount for assets with useful lives greater than one year is \$2,500 (or an amount recommended by the United Way of America).

Berkshire United Way, Inc.

Notes to the Financial Statements

Functional Allocation of Expenses

The costs of providing program and support activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated, based upon management's estimates, among the programs and supporting activities benefited.

Federal Tax Status

The Organization is qualified under Internal Revenue Code 501(c)(3) as a tax-exempt organization. While the organization is generally exempt from income taxes, it is subject to tax on unrelated trade or business income.

The Organization adopted section 740-10-25 of the FASB Accounting Standards Codification ("Section 740-10-25"). Section 740-10-25 addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under Section 740-10-25, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent (50%) likelihood of being realized upon ultimate settlement. Section 740-10-25 also provides guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures. As a result of the implementation, the Organization is required to disclose that the tax returns for fiscal years ended June 30, 2010, 2009 and 2008 remain open to examination by the Internal Revenue Service ("IRS"). The Organization had no material adjustments to its liabilities for unrecognized income tax benefits according to the provisions of Section 740-10-25.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassification

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

3. Cash and Cash Equivalents

Cash and cash equivalents consist of the values reflected in the table below at June 30. This comparison reflects the shift in investments from cash to equity and cash flow from operations.

	2010	2009
Cash	\$ 77,684	\$ 228,221
Unrestricted money market accounts	<u>79,185</u>	<u>575,337</u>
Total	<u>\$ 156,869</u>	<u>\$ 803,558</u>

Berkshire United Way, Inc.

Notes to the Financial Statements

Concentration of Credit Risk

The Organization maintains cash balances at financial institutions located in Massachusetts. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 and any excess is insured by the Deposit Insurance Fund of Massachusetts. At June 30, 2010, the Organization's bank statement balance totaled \$343,105. Of the cash balance, \$170,750 was covered by FDIC and the remainder of \$172,355 was invested in a conservative short term money market/mutual fund comprised of federal government obligations. These funds are not insured under FDIC.

4. Grants Receivable

The Organization had the following grants receivable at June 30, 2010:

Department of Health and Human Services, Substance Abuse and Mental Health Administration

In August, 2007 the Organization was awarded a federal assistance grant by the Department of Health and Human Services, Substance Abuse and Mental Health Administration. The grant award is available in five \$100,000 annual project periods (cost reimbursement) beginning September 30, 2007 through September 29, 2012. The grant is to be used to cover expenses relating to the Pittsfield Prevention Partnership Program, the goal of which is to support efforts of a community coalition to prevent and reduce substance abuse among youth by addressing the risk factors in a community and promoting the protective factors that minimize that risk. The amount billed was \$130,052 and \$23,516 was receivable at June 30, 2010.

Massachusetts Department of Public Health

The Organization was awarded a grant from the Massachusetts Department of Public Health with a maximum grant amount of \$26,250 for the period July 1, 2009 through June 30, 2010. The grant is to be used to cover expenses relating to the Pittsfield Prevention Partnership Program. The amount billed was \$26,250 and \$18,275 was receivable at June 30, 2010.

5. Investments

The net investment income is derived from investment accounts held at a bank trust department. A fixed income amount of 4.5% on a three year average market balance of the general investment account is available to be remitted to the unrestricted fund for use in operations or as designated for annual campaign contributions. The GE Good Neighbor Fund, Ruth Boraski Children's Endowment, and General Endowment accounts are permanently restricted. Income from the GE Good Neighbor Fund and Boraski Endowment are temporarily restricted until the funds are used in accordance with the gift instructions for special needs and grants. If the income is not used for the specified purposes, it will be added to principal. Income from the General Endowment Fund is unrestricted.

Unrealized gains and losses are included in the change in net assets. The table below details the cost value and market value of each account as of June 30, 2010 and 2009.

Berkshire United Way, Inc.
Notes to the Financial Statements

	2010		2009	
	Cost	Market Value	Cost	Market Value
Unrestricted				
General Investment	\$ 1,072,680	\$ 1,018,713	\$ 663,761	\$ 696,446
General Endowment	94	82	0	0
Board Designated, 3-Month	<u>619,547</u>	<u>588,377</u>	<u>707,681</u>	<u>634,462</u>
Total Unrestricted Investments	1,692,321	1,607,172	1,371,442	1,330,908
Temporarily Restricted				
GE Good Neighbor Fund	2,989	2,989	0	0
Boraski Endowment	<u>6,428</u>	<u>6,211</u>	<u>0</u>	<u>0</u>
Total Temporarily Restricted	9,417	9,200	0	0
Permanently Restricted				
G E Good Neighbor Fund	82,157	78,933	80,289	78,933
Boraski Endowment	215,413	202,715	206,062	202,590
General Endowment	30,090	34,844	25,270	24,844
Gift	<u>0</u>	<u>0</u>	<u>0</u>	<u>125</u>
Total Permanently Restricted Investments	<u>327,660</u>	<u>316,492</u>	<u>311,621</u>	<u>306,492</u>
Total Investments	<u>\$ 2,029,398</u>	<u>\$ 1,932,864</u>	<u>\$ 1,683,063</u>	<u>\$ 1,637,400</u>

Investments held in the above investment accounts on June 30, are comprised of the following groups as reported at market value:

	2010	2009
Equity securities	\$ 1,174,117	\$ 215,490
Corporate bonds	324,007	415,270
U.S. government obligations	150,503	767,889
Other fixed income	21,450	50,406
Foreign assets	168,351	100,252
Permanently restricted money market accounts	<u>94,436</u>	<u>88,093</u>
Total Investments	<u>1,932,864</u>	<u>1,637,400</u>
Less: permanently restricted investments	<u>(316,492)</u>	<u>(306,492)</u>
Current portion of investments	<u>\$ 1,616,372</u>	<u>\$ 1,330,908</u>

The following schedule summarizes the investment return (net of fees of \$682 and \$23,332 in 2010 and 2009, respectively) and its classification in the statement of activities for the years ended June 30, 2010 and 2009:

<u>Year ended June 30, 2010</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Interest and dividends	\$ 38,512	\$ 10,242	\$ 48,754
Unrealized gains (losses)	(55,048)	2,751	(52,297)
Realized losses	<u>(22,349)</u>	<u>(3,793)</u>	<u>(26,142)</u>
	<u>\$ (38,885)</u>	<u>\$ 9,200</u>	<u>\$ (29,685)</u>

Berkshire United Way, Inc.Notes to the Financial Statements

<u>Year ended June 30, 2009</u>	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Interest and dividends	\$ 28,864	\$ 11,998	\$ 40,862
Unrealized losses	(59,556)	(26,451)	(86,007)
Realized losses	(39,795)	(7,796)	(47,591)
	<u>\$ (70,487)</u>	<u>\$ (22,249)</u>	<u>\$ (92,736)</u>

6. Property and Equipment

The Organization's property and equipment consists of the following at June 30:

	2010	2009
Land and improvements	\$ 128,939	\$ 128,939
Buildings and improvements	543,221	538,123
Furniture and equipment	<u>131,987</u>	<u>135,483</u>
Total	804,147	802,545
Accumulated depreciation	<u>(476,511)</u>	<u>(464,222)</u>
Property and equipment, net	<u>\$ 327,636</u>	<u>\$ 338,323</u>

Depreciation expense for the years ended June 30, 2010 and 2009 was \$22,239 and \$26,755, respectively.

7. Allocations Payable

Allocations to agencies are recorded as expenses when they are approved by the Board of Directors and communicated to the respective agencies and are generally payable within one year.

8. Long-Term Debt

The Organization's long-term debt consists of the following at June 30:

	2010	2009
Commercial Pledge Agreement payable to Berkshire Bank in monthly installments of \$1,632 with interest at 4.3%, due August 2018, collateralized with investments.	\$ 134,138	\$ 149,310
Loan with Western Mass Electric Company in the amount of \$5,099 payable in 20 monthly installments of \$255. There is no interest charge.	4,334	0
Less: current portion of long-term debt	<u>(17,744)</u>	<u>(12,405)</u>
Total long-term debt, net of current portion	<u>\$ 120,728</u>	<u>\$ 136,905</u>

Berkshire United Way, Inc.

Notes to the Financial Statements

Future principal payments are as follows:

Year Ending		
June 30, 2011	\$	17,744
June 30, 2012		15,959
June 30, 2013		15,340
June 30, 2014		16,011
June 30, 2015		16,711
Thereafter		<u>56,707</u>
Total	\$	<u>138,472</u>

The Organization has a demand line of credit for \$150,000 with an interest rate of prime and an annual renewal date of June 30. The balance was \$0 on June 30, 2010.

9. Leases

The Organization leases office space located at 196-200 South Street to the Commonwealth of Massachusetts at \$4,469 per month, and the Jewish Federation of the Berkshires, Inc. at \$2,817 per month. The Organization also rents parking spaces to employees of a local dentist office at \$75 per month. The rent received was \$88,694 and \$88,430 for the years ended June 30, 2010 and 2009, respectively.

The future minimum rental income is as follows:

Year Ended		
June 30, 2011	\$	87,430
June 30, 2012		33,805
June 30, 2013		33,805
June 30, 2014		14,085

The Commonwealth of Massachusetts lease was renewed through June, 2011.

The Jewish Federation of the Berkshires, Inc. lease was renewed through November, 2013.

The parking space rental agreement can be cancelled upon notice by either party.

10. Contingencies

The Organization had a salary continuation plan for absences due to short-term disability. Weeks of full pay are accrued based on service time. With respect to the salary continuation plan, there was a contingent liability of \$14,381 as of June 30, 2009. The Organization purchased a short term disability plan as of January 1, 2010 and this contingency no longer exists.

Berkshire United Way, Inc.

Notes to the Financial Statements

11. Net Assets Released From Restriction

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors. Amounts released from restriction are as follows:

	2010	2009
Purpose restriction accomplished; funds were expended for:		
G E Good Neighbor Fund	\$ 0	\$ 2,469
Boraski Children's Fund	0	8,697
General Endowment Fund	<u>0</u>	<u>832</u>
Total net assets released from restriction	<u>\$ 0</u>	<u>\$ 11,998</u>

12. Temporarily Restricted Net Assets

Income from the GE Good Neighbor Fund and Ruth Boraski Children's Endowment are temporarily restricted until the funds are used in accordance with the gift instructions for special needs and grants. If the income is not used for the specified purposes, it will be added to principal. Temporarily restricted net assets were \$9,200 at June 30, 2010.

13. Permanently Restricted Net Assets

Permanently restricted net assets include the following donor restricted principal in perpetuity, the income from which is expendable as provided by the donor. The GE Good Neighbor Fund, Ruth Boraski Children's Endowment, and General Endowment Fund are permanently restricted. Income is to be used for special needs and grants or added to the principal if not used.

	<u>GE Good Neighbor Endowment</u>	<u>Ruth Boraski Children's Endowment</u>	<u>General Endowment</u>	<u>Gift Account</u>	<u>Total</u>
Public Support and Revenue:					
Investment Return					
Investment income	\$ 6,212	\$ 2,988	\$ 82	\$ 0	\$ 9,282
Realized and unrealized loss	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total investment return	6,212	2,988	82	0	9,282
Contributions	<u>0</u>	<u>0</u>	<u>10,000</u>	<u>0</u>	<u>10,000</u>
Total Public Support and Revenue	6,212	2,988	10,082	0	19,282
Gift account transfer	0	125	0	(125)	0
Transfer to unrestricted	0	0	(82)	0	(82)
Transfer to temporarily restricted	(6,212)	(2,988)			
Total change in endowment funds	0	125	10,000	(125)	10,000
Beginning endowment funds	<u>78,933</u>	<u>202,590</u>	<u>24,844</u>	<u>125</u>	<u>306,492</u>
Ending endowment funds	<u>\$ 78,933</u>	<u>\$ 202,715</u>	<u>\$ 34,844</u>	<u>\$ 0</u>	<u>\$ 316,492</u>

Berkshire United Way, Inc.

Notes to the Financial Statements

14. Board Designated Net Assets

Certain unrestricted net assets are board designated in order to establish a means to provide ongoing funding for operations and community programs for a period of three months. This allows time to develop alternative plans if there is an unanticipated decline in available funds. Additionally, it provides a rational basis by which to determine a target range that is not excessive. This Reserve Policy was approved for fiscal year-end June 30, 2009. Total board designated net assets at June 30, 2010 and 2009 were \$588,377 and \$634,462, respectively

15. In-Kind Contributions

The estimated fair market value of donated services included in the statement of activities is as follows:

	2010	2009
Fundraising/Campaign		
Advertising	\$ 3,076	\$ 14,732
Design	2,400	0
Printing	1,147	3,000
Computer support	0	1,500
Drug prevention	450	0
	<u>\$ 7,073</u>	<u>\$ 19,232</u>

16. Prior-Year Summarized Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

17. Subsequent Events

Management has evaluated events and transactions after the balance sheet date through October 12, 2010, the date that the financial statements were available to be issued, and determined that all appropriate subsequent event disclosures, if any, have been made.