

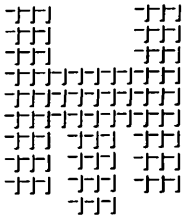
TOWN OF PALM BEACH UNITED WAY, INC.

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2011
(with fifteen-month period totals for 2010)**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Town of Palm Beach United Way, Inc.
Palm Beach, Florida

We have audited the accompanying statement of financial position of Town of Palm Beach United Way, Inc. (a not-for-profit corporation) as of June 30, 2011, and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of Town of Palm Beach United Way, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior period summarized comparative information has been derived from the Town of Palm Beach United Way, Inc.'s 2010 financial statements, and in our report dated November 24, 2010, 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. 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 Town of Palm Beach United Way, Inc.'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 significant estimates made by the 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 Town of Palm Beach United Way, Inc. as of June 30, 2011, and the results of its activities and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the Town of Palm Beach United Way, Inc. as a whole. The accompanying supplementary schedule of allocation to agencies and response pool is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Holyfield & Thomas, LLC

West Palm Beach, Florida
September 27, 2011

TOWN OF PALM BEACH UNITED WAY, INC.

STATEMENT OF FINANCIAL POSITION

As of June 30, 2011

(with fifteen-month period totals for 2010)

	Unrestricted	Temporarily Restricted	Permanently Restricted	June 30, 2011 Totals	June 30, 2010 Totals
ASSETS					
Cash and cash equivalents	\$ 3,750,881	\$ -	\$ -	\$ 3,750,881	\$ 3,008,739
Investments	174,317	-	-	174,317	155,567
Pledges receivable	749,514	-	-	749,514	1,165,526
Prepaid expenses	4,972	-	-	4,972	3,591
Total current assets	4,679,684	-	-	4,679,684	4,333,423
Investments, in endowments	-	3,419,646	2,533,275	5,952,921	5,300,912
Property and equipment, net	58,034	-	-	58,034	57,493
Total assets	\$ 4,737,718	\$ 3,419,646	\$ 2,533,275	\$ 10,690,639	\$ 9,691,828
LIABILITIES AND NET ASSETS					
Liabilities:					
Accounts payable	\$ 5,602	\$ -	\$ -	\$ 5,602	\$ 6,577
Allocations to agencies	3,081,155	-	-	3,081,155	2,398,320
Grants payable	18,750	-	-	18,750	-
Designations payable	50,000	-	-	50,000	-
Total current liabilities	3,155,507	-	-	3,155,507	2,404,897
Net assets:					
Unrestricted net assets:					
Board designated	690,481	-	-	690,481	737,948
Other unrestricted	891,730	-	-	891,730	1,248,071
Restricted net assets	-	3,419,646	2,533,275	5,952,921	5,300,912
Total net assets	1,582,211	3,419,646	2,533,275	7,535,132	7,286,931
Total liabilities and net assets	\$ 4,737,718	\$ 3,419,646	\$ 2,533,275	\$ 10,690,639	\$ 9,691,828

See accompanying notes to financial statements.

TOWN OF PALM BEACH UNITED WAY, INC.

STATEMENT OF ACTIVITIES

*For the Year Ended June 30, 2011**(with fifteen-month period totals for 2010)*

	Unrestricted	Temporarily Restricted	Permanently Restricted	Twelve Months Ended June 30, 2011 Totals	Fifteen Months Ended June 30, 2010 Totals
Public support and revenues:					
Campaign support	\$ 3,938,584	\$ -	\$ -	\$ 3,938,584	\$ 8,479,208
Less designations to non-member agencies	205,000	-	-	205,000	726,099
Campaign support, net	3,733,584	-	-	3,733,584	7,753,109
In-kind contributions	48,356	-	-	48,356	29,281
Investment income	6,408	140,926	-	147,334	226,797
Net realized and change in unrealized gain on investments	-	787,500	-	787,500	908,711
Total public support and revenues	3,788,348	928,426	-	4,716,774	8,917,898
Net assets released from restrictions	276,417	(276,417)	-	-	-
Expenditures:					
Allocations and payments:					
Grant payments	75,000	-	-	75,000	-
Allocation to agencies and response pool	3,242,913	-	-	3,242,913	5,908,970
Designated contributions to member agencies	446,725	-	-	446,725	302,932
Total allocations and payments	3,764,638	-	-	3,764,638	6,211,902
Program services:					
Allocation and agency relations	355,670	-	-	355,670	418,524
Supporting services:					
Management and general	70,023	-	-	70,023	82,852
Fundraising	278,242	-	-	278,242	326,772
Total program and supporting services	703,935	-	-	703,935	828,148
Loss on the disposal of property and equipment	-	-	-	-	3,975
Total expenditures	4,468,573	-	-	4,468,573	7,044,025
Change in net assets	(403,808)	652,009	-	248,201	1,873,873
Net assets, beginning	1,986,019	2,767,637	2,533,275	7,286,931	5,413,058
Net assets, ending	\$ 1,582,211	\$ 3,419,646	\$ 2,533,275	\$ 7,535,132	\$ 7,286,931

See accompanying notes to financial statements.

TOWN OF PALM BEACH UNITED WAY, INC.

STATEMENT OF CASH FLOWS

*For the Year Ended June 30, 2011**(with fifteen-month period totals for 2010)*

	Twelve Months Ended June 30, 2011 Totals	Fifteen Months Ended June 30, 2010 Totals
Cash flows from operating activities:		
Cash received from campaign support	\$ 4,355,596	\$ 4,631,868
Cash paid to agencies, suppliers and employees	(3,870,539)	(4,790,646)
Cash received from investments	147,334	237,735
Net cash provided by operating activities	<u>632,391</u>	<u>78,957</u>
Cash flows from investing activities:		
Sale of investments	320,665	1,070,733
Purchase of investments	(203,924)	(1,478,907)
Purchase of property and equipment	(6,990)	(10,104)
Net cash provided by (used in) investing activities	<u>109,751</u>	<u>(418,278)</u>
Net change in cash	742,142	(339,321)
Cash and cash equivalents, beginning of year	<u>3,008,739</u>	<u>3,348,060</u>
Cash and cash equivalents, end of year	<u>\$ 3,750,881</u>	<u>\$ 3,008,739</u>
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ 248,201	\$ 1,873,873
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,449	16,063
Loss on disposal of property and equipment	-	3,975
Net realized and change in unrealized gain on investments	(787,500)	(908,711)
(Increase) decrease in assets:		
Interest receivable	-	10,938
Pledges receivable	416,012	(280,596)
Prepaid expenses	(1,381)	1,317
(Decrease) increase in liabilities:		
Accounts payable	(975)	(10,828)
Allocations to agencies	682,835	2,398,320
Grants payable	18,750	-
Designations payable	50,000	-
Deferred support	-	(3,025,394)
Net cash provided by operating activities	<u>\$ 632,391</u>	<u>\$ 78,957</u>

See accompanying notes to financial statements.

*For the Year Ended June 30, 2011**(with fifteen-month period totals for 2010)*

	Program Service	Supporting Services		Twelve	Fifteen
	Allocation and Agency Relations	Management and General	Fundraising	Months Ended June 30, 2011 Totals	Months Ended June 30, 2010 Totals
Salaries	\$ 136,850	\$ 27,369	\$ 109,481	\$ 273,700	\$ 351,046
Health insurance	19,120	3,824	15,295	38,239	38,456
Retirement benefits	24,057	4,811	19,246	48,114	57,433
Payroll taxes	10,078	2,014	8,063	20,155	26,256
	190,105	38,018	152,085	380,208	473,191
Advertising	13,041	2,609	10,431	26,081	22,178
Agency liaison	7,861	-	-	7,861	10,056
Auto expense	900	180	720	1,800	246
Computer software	1,691	339	1,351	3,381	1,536
DeTocqueville Society	3,782	756	3,025	7,563	8,618
Donor cultivation	2,471	494	1,977	4,942	6,417
Dues and subscriptions	28,940	5,788	23,151	57,879	45,038
Insurance	3,301	660	2,641	6,602	8,234
Investment fees	4,705	941	3,763	9,409	9,966
Office and campaign supplies	24,747	4,949	19,797	49,493	52,368
Photography and awards	1,925	385	1,540	3,850	6,660
Postage	6,647	1,329	5,318	13,294	12,387
Professional fees	8,750	1,750	7,000	17,500	18,000
Repairs and maintenance	12,055	2,410	9,644	24,109	28,539
Sponsored meetings and special events	37,038	7,407	29,630	74,075	99,101
Telephone and fax	4,720	944	3,775	9,439	9,550
	352,679	68,959	275,848	697,486	812,085
Depreciation	2,991	1,064	2,394	6,449	16,063
Total expenses	\$ 355,670	\$ 70,023	\$ 278,242	\$ 703,935	\$ 828,148

See accompanying notes to financial statements.

For the Year Ended June 30, 2011

1. Organization and Summary of Significant Accounting Policies

Organization

Town of Palm Beach United Way, Inc. (the "Organization") is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. The Organization was formed to assist the development of other philanthropic organizations in the vicinity of Palm Beach, Florida.

Financial Statement Presentation

The Organization has adopted FASB Accounting Standard Codification (FASB ASC) 958-205, *Presentation of Financial Statements*. Under this standard, the Organization is required to report information regarding its activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

The following paragraphs describe the three classes of net assets and the previously reported fund accounting titles that comprise each class:

Unrestricted – are used to account for all resources over which the Board of Trustees exercises discretionary control, including assets designated to function as endowments or other purposes. The resources in these funds are used to carry out the activities of the Organization in accordance with its charter by-laws. The principal sources of income are unrestricted contributions and investment income.

Temporarily Restricted – is used to account for those resources available for purposes specified by the donor.

Permanently Restricted – is used to account for resources received that are restricted by the donor requiring the principal be invested in perpetuity and only the income be used for support of the Organization's program operations and response pool.

Basis of Accounting

The financial statements of the Organization are prepared using the accrual basis of accounting whereas revenues are recognized when earned and expenses are recognized when incurred. This basis of accounting conforms to accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

For the Year Ended June 30, 2011

1. Organization and Summary of Significant Accounting Policies, continued

Fair Value of Financial Instruments

The Organization follows FASB ASC 820-10, *Fair Value Measurements and Disclosures*, which provides a common definition of fair value, establishes a framework to measure fair value within accounting principles generally accepted in the United States of America, and expands the disclosures about fair value measurements. The standard does not create any new fair value measurements. Instead, it applies under existing accounting pronouncements that require or permit fair value measurements.

For assets and liabilities measured at fair value on a recurring basis, entities should disclose information that allows financial statement users to assess (1) the inputs used to develop such measurements, such as Level 1 (i.e., quoted price in an active market for an identical asset or liability), Level 2 (i.e., quoted price for similar assets or liabilities in active markets), or Level 3 (i.e., unobservable inputs); and (2) the effect on changes in net assets of recurring measurements that use significant unobservable (Level 3) inputs.

Cash and Cash Equivalents

The Organization considers bank accounts, money market accounts and all highly liquid debt instruments purchased with an original maturity of less than three months, except for those held within its investment portfolio, to be cash equivalents.

Investments

Pursuant to FASB ASC 958-320, *Investments – Debt and Equity Securities*, the Organization's investments are stated at market value. Investment earnings, realized and unrealized gains and losses, and expenses are included in the change in net assets in the Statement of Activities.

Campaign Year and Allocation to Agencies

Due to the seasonal nature of the local economy and social environment, the Organization holds its annual campaign from September through March of each fiscal year. That campaign is used to develop an allocation to agencies that will be paid in the next period. In order to better accommodate for end-of-season campaign contributions, and to effectively align the allocation to agencies with the related campaign result, the Organization changed its fiscal year end from March 31 to June 30. This later date allows the Organization to fully capture the campaign results, consider its available resources, and appropriately declare its allocation to agencies all within the same period. The Organization typically meets in March or April of each year to decide on allocation payments to agencies. The amounts allocated to the individual agencies are determined by volunteers through a citizens' review process. Once the Board approves the allocations, agreements are executed with the agencies. Allocations are recognized as a liability when formally approved by the Board and communicated to agencies, and generally paid over the ensuing 12 months.

For the Year Ended June 30, 2011

1. Organization and Summary of Significant Accounting Policies, continued

Pledges Receivable

Due to the inherent uncertainty regarding the ability to collect long term pledges, these receivables are recognized as assets and deferred support in the period received, pending receipt of payment and allocation with the relevant campaign year. Upon receipt of payment, the Organization recognizes the deferred support as income. Short term pledges are recorded as income when received and associated with that year's allocation and campaign.

Property and Equipment

Acquisitions of property and equipment in excess of \$500 and having a useful life longer than one year are capitalized. Property and equipment is stated at cost, less accumulated depreciation. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets ranging from five to thirty years. Depreciation is allocated to program and supporting services based on the use of the property and equipment.

Designations

Certain large contributors are permitted to designate the use of up to 50% of their contributed funds to specific agencies that could be members or non-members of the Organization. Such donor designations are funded immediately and are expensed in the same period. As of June 30, 2011, \$50,000 of designations remained unpaid and are included as Designations Payable in the Statement of Financial Position.

Contributed Goods and Services

In accordance with FASB ASC 958-605, *Revenue Recognition*, the Organization records the value of those donated services that require specialized skills and that would typically need to be purchased if not provided by donation. During the year ended June 30, 2011, the Organization received donated services, such as advertising and use of facilities, which are recorded as contributions at their estimated fair value at the date of donation. The total amount of donated services during the year ended June 30, 2011, amounted to \$48,356. This amount is recognized as both income, under the caption of in-kind contributions in the Statement of Activities, and expense, under various captions in the Statement of Functional Expenses.

A substantial number of unpaid volunteers have made significant contributions of their time to develop the Organization's programs, principally in the evaluation of agencies and allocation of support. Due to difficulty in establishing a value for these non-professional services the value of this contributed time is not reflected in these statements.

Functional Allocation of Expenses

The costs of providing various programs and other activities are summarized on a functional basis. Expenses, which can be specifically identified with a functional category, are charged accordingly. Other expenses are allocated among supporting services based on relative salaries incurred.

For the Year Ended June 30, 2011

1. Organization and Summary of Significant Accounting Policies, continued*Income Taxes*

The Organization is a not-for-profit organization exempt from income taxes under Internal Revenue Code Section 501(c)(3). The Organization has been classified as a publicly supported Organization that is not a private foundation. Therefore, no provision for income taxes has been made in these financial statements.

The Organization follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. This pronouncement seeks to reduce the diversity in practice associated with certain aspects of measurement and recognition in accounting for income taxes. It prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. An entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold. The Organization assesses its income tax positions based on management's evaluation of the facts, circumstances and information available at the reporting date. The Organization uses the prescribed more likely than not threshold when making its assessment. At adoption, the Organization did not record any cumulative effect adjustment, and the Organization did not accrue any interest expense or penalties related to tax positions. There are currently no open Federal or State tax years under audit.

Prior Period Summarized Information

The financial statements include certain prior-period 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the fifteen-month period ended June 30, 2010, from which the summarized information was derived. Certain 2010 amounts may have been reclassified to conform to 2011 classifications. Such reclassifications would have no effect on the change in net assets as previously reported.

2. Pledges Receivable

The Organization records contributions at their estimated fair values when the donor makes a promise to give that is, in substance, unconditional. Fair value is determined using the present value of expected cash flows. In accordance with its policy concerning the uncertainty of long term pledges receivable, such amounts are recorded as deferred support until they are collected. Other contributions that are restricted by the donor are presented as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized, or as increases in temporarily or permanently restricted net assets if the restriction is not satisfied in the same accounting period. When temporary restrictions expire by time or satisfaction of use, temporarily restricted net assets are reclassified to unrestricted net assets. Pledges receivable as of June 30, 2011, are due in less than one year.

For the Year Ended June 30, 2011

2. Pledges Receivable, continued

The Organization continuously evaluates the collectability of its pledges receivable by communicating with donors and examining historical performance. Based on its consideration of these factors, management does not believe that an allowance for pledges receivable is necessary. As of June 30, 2011, the Organization's categories of pledges receivable consisted of the following:

Individuals	\$ 578,548
Corporations	<u>170,966</u>
Total	<u>\$ 749,514</u>

3. Endowments

The Organization's endowment consists of three individual funds established to support its annual operating expenses. Its endowment includes donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board to function as endowments, if any, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Organization follows the Florida Uniform Management of Institutional Funds Act (FUMIFA), which requires the preservation of the fair value of the original gift (i.e. historical dollar value) as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this standard, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (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 at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by FUMIFA. In accordance with FUMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

For the Year Ended June 30, 2011

3. Endowments, continued

Changes in the endowment net assets for the year ended June 30, 2011, consist of the following:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of period	\$ <u>2,767,637</u>	\$ <u>2,533,275</u>	\$ <u>5,300,912</u>
Investment return:			
Investment income	140,926	-	140,926
Investment expenses	(9,409)	-	(9,409)
Net appreciation	<u>787,500</u>	<u>-</u>	<u>787,500</u>
Total investment return	<u>919,017</u>	<u>-</u>	<u>919,017</u>
Appropriation of endowment assets for expenditure	<u>(267,008)</u>	<u>-</u>	<u>(267,008)</u>
Total	<u>\$ 3,419,646</u>	<u>\$ 2,533,275</u>	<u>\$ 5,952,921</u>

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or FUMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in unrestricted net assets. There were no deficiencies in donor-restricted endowment funds as of June 30, 2011.

Investment objectives

Historically, the Organization's investment objectives and policies have been to (a) generate adequate annual transfers of income, which together with the earnings of the general unrestricted funds and reserve funds of the Organization, will fully subsidize the annual operating expenses without eroding the original corpus, (b) provide a growth rate in the investment portfolio at least equal to the current rate of inflation. In order to meet its objectives, the Organization generally contemplates the investment of the Endowment Funds in equity mutual funds which are broadly diversified within asset classes, such as growth stock funds, valued stock funds, etc., and appropriate government and corporate bonds and other debt instruments that provide a diversified exposure to the credit markets. The Organization periodically reviews its investment policy to specifically identify strategies and spending policies as they relate to the various endowment categories.

Spending policy

The Organization's spending policy specifies the approach followed with respect to transfers from the Endowment Funds to the General Unrestricted Fund. In general, the Organization seeks an annual transfer of four percent (4%) of the average endowment corpus. For purposes of this measurement, the endowment corpus includes funds (such as the Kramer charitable remainder trust) for which the Organization receives no current income, but which is permanently committed to the Organization, and excludes the endowment corpus managed by the Organization for specific purposes, such as the Visiting Nurse endowment.

For the Year Ended June 30, 2011**3. Endowments, continued**

More specifically, the Organization seeks to transfer at the end of each fiscal quarter, one percent (1%) of the latest year average applicable endowment corpus (determined by the average of the last four available calendar quarters) from the Endowment to the General Unrestricted Fund.

Investments are presented in the financial statements at market value. As of June 30, 2011, major categories of investments consisted of the following:

	<u>Market Value</u>	<u>Historical Cost</u>	<u>Unrealized Gain</u>
Cash equivalents	\$ 380,593	\$ 380,429	\$ 164
Fixed income mutual funds	560,181	559,078	1,103
Equity securities	733,528	567,080	166,448
Multi-asset mutual funds	4,111,049	3,786,501	324,548
Real estate securities	43,251	24,444	18,807
Commodities	<u>124,319</u>	<u>97,355</u>	<u>26,964</u>
Total	<u>\$ 5,952,921</u>	<u>\$ 5,414,887</u>	<u>\$ 538,034</u>

Net realized gain and change in unrealized gain on investments consisted of the following:

Ending balance, unrealized gain	\$ 538,034
Plus beginning balance, unrealized loss	<u>94,070</u>
Change in unrealized gain for the period	632,104
Total realized gain	<u>155,396</u>
Net realized gain and change in unrealized gain on investments	<u>\$ 787,500</u>

4. Property and Equipment

As of June 30, 2011 the classifications of property and equipment consisted of the following:

Building and improvements	\$ 215,683
Equipment	<u>119,887</u>
	335,570
Accumulated depreciation	<u>(277,536)</u>
Property and equipment, net	<u>\$ 58,034</u>

5. Pension Plan

The Organization has two pension plans administered by Mutual of America, Inc. on behalf of qualified full-time employees. The first plan is a tax deferred annuity contract, allowing employees to defer up to 5% of their pay and receive a matching contribution from the Organization. The second plan is a defined contribution plan where employee contributions are not required or permitted, and the Organization contributes 10% of an eligible employee's annual salary. During the year ended June 30, 2011, the Organization contributed \$48,114 to these two plans.

For the Year Ended June 30, 2011

6. Concentration

The Organization maintains cash deposits at various financial institutions located in Palm Beach County, Florida. Deposits located at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000, and during the year, balances may fluctuate above and below this amount. Furthermore, funds on deposits in non-interest bearing accounts have unlimited coverage under the FDIC in accordance with the *Dodd-Frank Wall Street Reform and Consumer Protection Act*. As of June 30, 2011, the uninsured portion of deposits (i.e., interest bearing account) was approximately \$1,380,000. The Organization periodically evaluates the financial condition of its banking institutions, and has not experienced any loss on such accounts. Accordingly, management believes the Organization is not exposed to any significant credit risk arising from such balances.

7. Fair Value of Measurements

FASB ASC 820-10, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement).

The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

- Level 1* – Inputs to this valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2* – Inputs to this valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; Inputs other than quoted prices that are observable for the asset or liability; Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3* – Inputs to this valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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

- a) *Cash equivalents held with investments* – Valued at the reported brokerage amounts.
- b) *Investments* – Valued at quoted market prices or net asset value (“NAV”) by the custodians as of the close of business as of June 30, 2011.
- c) *Pledges receivable* – Valued at the present value of the expected cash flows.

For the Year Ended June 30, 2011**7. Fair Value of Measurements, continued**

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2011:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments, to include:				
Cash equivalents	\$ 554,910	\$ -	\$ -	\$ 554,910
Fixed income mutual funds	560,181	-	-	560,181
Equity securities	733,528	-	-	733,528
Multi-asset mutual funds	-	-	4,111,049	4,111,049
Real estate securities	43,251	-	-	43,251
Commodities	124,319	-	-	124,319
	<u>2,016,189</u>	<u>-</u>	<u>4,111,049</u>	<u>6,127,238</u>
Pledges receivable	<u>-</u>	<u>-</u>	<u>749,514</u>	<u>749,514</u>
Total assets at fair value	<u>\$ 2,016,189</u>	<u>\$ -</u>	<u>\$ 4,860,563</u>	<u>\$ 6,876,752</u>

The following table sets forth a summary of changes in the fair value of the Organization's level 3 assets for the year ended June 30, 2011.

	<u>Investments</u>	<u>Pledges Receivable</u>	<u>Total</u>
Balance, beginning of year	\$ 3,612,040	\$ 1,165,526	\$ 4,777,566
Purchases, sales, and settlements, net	201,028	(416,012)	(214,984)
Disbursements	(179,524)	-	(179,524)
Net realized and unrealized gain	477,505	-	477,505
Balance, end of year	<u>\$ 4,111,049</u>	<u>\$ 749,514</u>	<u>\$ 4,860,563</u>

8. Net Assets

As of June 30, 2011, the Organization held board designated and restricted net assets for the following purposes:

	<u>Designated/ Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Reserve contingency	\$ 200,000	\$ -	\$ -
Response pool	258,130	-	-
Property and equipment	58,034	-	-
Investments	174,317	-	-
Program and operations	<u>-</u>	<u>3,419,646</u>	<u>2,533,275</u>
Total designated and restricted net assets	<u>\$ 690,481</u>	<u>\$ 3,419,646</u>	<u>\$ 2,533,275</u>

For the Year Ended June 30, 2011

9. Subsequent Events

Management has evaluated subsequent events through September 27, 2011, the date on which the financial statements were available to be issued, and determined there were no events to disclose in these financial statements.

SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2011

Allocations to agencies are determined each year by the Board of Trustees and are generally paid in monthly installments. The following amounts were approved for the year ended June 30, 2011, for disbursement between July 1, 2011 and June 30, 2012.

Agency:	<u>Allocation</u>
2-1-1 Palm Beach / Treasure Coast	\$ 152,750
ARC of the Glades	10,000
ARC of Palm Beach County	200,000
Adopt-A-Family	126,000
Aid to Victims of Domestic Abuse	47,250
Alpert Jewish Family & Children's Services	68,380
Alzheimer's Community Care	60,000
Boys and Girls Club	200,000
Caridad Clinic	85,000
Catholic Charities	12,950
Center for Family Services	129,020
Children's Home Society	92,500
Christian Reaching Out to Society (C.R.O.S.)	20,000
Comprehensive Alcohol Rehabilitation Program (C.A.R.P.)	76,752
CredAbility	15,000
Deaf Service Center	52,775
Drug Abuse Foundation	52,528
Drug Abuse Treatment Association	131,250
Families First of Palm Beach County	63,000
Farmworkers' Coordinating Council	136,500
Feeding South Florida	93,500
Gratitude House	68,250
Gulfstream Goodwill Industries	20,000
Habitat for Humanity	6,000
Healthy Mothers/Healthy Babies	44,000
Home Safe	78,750
Homeless Coalition of Palm Beach County	5,000
Jewish Community Center	12,500
Legal Aid Society	55,000
Lord's Place	107,500

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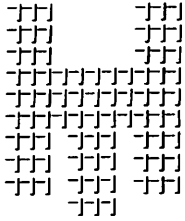
See independent auditor's report.

For the Year Ended June 30, 2011

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Agency:	<u>Allocation</u>
Mental Health Association	\$ 19,500
Milagro Center	30,000
Opportunity	100,000
Palm Beach Habilitation Center	122,000
Palm Beach County Literacy Coalition	101,000
Planned Parenthood	18,500
Rehabilitation Center Children and Adults	3,000
Seagull Industries	243,000
Take Stock in Children	50,000
Urban League	18,000
Urban Youth Impact	7,000
Y.M.C.A. of the Palm Beaches	10,000
Y.M.C.A. of South Palm Beach	28,000
Y.W.C.A. of Palm Beach County	<u>109,000</u>
Total allocations for July 1, 2011 - June 30,2012	3,081,155
Response Pool	<u>161,758</u>
Total allocation to agencies and response pool	<u><u>\$ 3,242,913</u></u>

See independent auditor's report.



Holyfield & Thomas, LLC

Certified Public Accountants & Advisors

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To Management and the Board of Directors of
Town of Palm Beach United Way, Inc.
Palm Beach, Florida

Ladies and Gentlemen:

In planning and performing our audit of the financial statements of Town of Palm Beach United Way, Inc. (the "Organization") as of and for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, ("US GAAS") we considered the Organization's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing an opinion on the Organization's financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, as a part of your audit, we do not express an opinion on the effectiveness of the Organization's internal control.

Definitions Related to Internal Control Deficiencies

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect 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 Responsibilities

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

* * *

This communication is intended solely for the information and use of management, those charged with governance, and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.

Holyfield & Thomas, LLC

West Palm Beach, FL
September 27, 2011