

UNITED COMMUNITY CENTERS, INC.

AUDITED FINANCIAL STATEMENTS

Year Ended March 31, 2011



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R|C|O RYLANDER, CLAY & OPITZ, LLP
CERTIFIED PUBLIC ACCOUNTANTS
Smart Solutions. Real Results.

INDEPENDENT AUDITOR'S REPORT

Board of Directors
United Community Centers, Inc.
Fort Worth, Texas

We have audited the accompanying statement of financial position of United Community Centers, Inc. (the "Agency") as of March 31, 2011, and the related statements of activities, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year summarized comparative information has been derived from the Agency's 2010 financial statements and, in our report dated August 25, 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Community Centers, Inc. as of March 31, 2011, 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.

Rylander, Clay & Opitz, LLP

August 25, 2011

UNITED COMMUNITY CENTERS, INC.

STATEMENTS OF FINANCIAL POSITION

March 31, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|--|----------------------------|----------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 216,096 | \$ 529,526 |
| Contributions receivable | 28,632 | 39,175 |
| Accounts receivable | 33,979 | 36,645 |
| Prepaid expenses | 31,686 | 31,217 |
| Investments | 139,663 | 103,402 |
| Assets restricted for investment in property and equipment | 387,222 | 1,627,914 |
| Property and equipment - net | <u>2,970,410</u> | <u>1,383,027</u> |
| Total assets | <u><u>\$ 3,807,688</u></u> | <u><u>\$ 3,750,906</u></u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable | \$ 28,038 | \$ 22,998 |
| Accrued liabilities | <u>58,489</u> | <u>477,217</u> |
| Total liabilities | 86,527 | 500,215 |
| Net Assets | | |
| Unrestricted | 3,305,307 | 1,583,602 |
| Temporarily restricted | <u>415,854</u> | <u>1,667,089</u> |
| Total net assets | <u>3,721,161</u> | <u>3,250,691</u> |
| Total liabilities and net assets | <u><u>\$ 3,807,688</u></u> | <u><u>\$ 3,750,906</u></u> |

See notes to financial statements.



UNITED COMMUNITY CENTERS, INC.

STATEMENTS OF ACTIVITIES

Year Ended March 31, 2011 with

Comparative Total for the Year Ended March 31, 2010

| | Unrestricted | Temporarily Restricted | Total | |
|--|---------------------|---------------------------|---------------------|---------------------|
| | | | 2011 | 2010 |
| Revenue and other support | | | | |
| Contributions | \$ 796,919 | \$ 28,632 | \$ 825,551 | \$ 943,146 |
| Capital campaign | - | 529,146 | 529,146 | 874,029 |
| Government grants | 308,716 | - | 308,716 | 318,151 |
| Allocations from United Way | 394,774 | - | 394,774 | 518,145 |
| Program service fees | 112,803 | - | 112,803 | 98,700 |
| Interest income | 1,214 | - | 1,214 | 3,464 |
| Rental and other income | 4,050 | - | 4,050 | 3,650 |
| Gain on disposal of assets | 4,402 | - | 4,402 | - |
| Net assets released from restrictions: | | | | |
| Satisfaction of time restrictions | 39,175 | (39,175) | - | - |
| Satisfaction of property and equipment restrictions | 1,769,838 | (1,769,838) | - | - |
| Total revenue and other support | 3,431,891 | (1,251,235) | 2,180,656 | 2,759,285 |
| Expenses | | | | |
| Program services: | | | | |
| Case management | 342,710 | - | 342,710 | 429,281 |
| ACT III | 372,345 | - | 372,345 | 421,654 |
| School age childcare | 680,565 | - | 680,565 | 693,983 |
| Total program services | 1,395,620 | - | 1,395,620 | 1,544,918 |
| Supporting services: | | | | |
| Management and general | 167,967 | - | 167,967 | 157,621 |
| Fundraising | 146,599 | - | 146,599 | 201,898 |
| Total supporting services | 314,566 | - | 314,566 | 359,519 |
| Total expenses | 1,710,186 | - | 1,710,186 | 1,904,437 |
| Change in net assets | 1,721,705 | (1,251,235) | 470,470 | 854,848 |
| Net assets at beginning of year | 1,583,602 | 1,667,089 | 3,250,691 | 2,395,843 |
| Net assets at end of year | \$ 3,305,307 | \$ 415,854 | \$ 3,721,161 | \$ 3,250,691 |

See notes to financial statements.



UNITED COMMUNITY CENTERS, INC.

STATEMENTS OF CASH FLOWS Years Ended March 31, 2011 and 2010

| | <u>2011</u> | <u>2010</u> |
|--|--------------------|-------------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ 470,470 | \$ 854,848 |
| Adjustments to reconcile change in net assets to net cash used by operating activities: | | |
| Depreciation of property and equipment | 63,935 | 40,470 |
| Gain on disposal of property and equipment | (4,402) | - |
| (Increase) decrease in operating assets: | | |
| Contributions receivable | 10,543 | (16,748) |
| Accounts receivable | 2,666 | (11,396) |
| Prepaid expenses | (469) | (3,543) |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable | 5,040 | 741 |
| Accrued liabilities | (33,115) | (4,222) |
| Deferred revenue | - | (23,032) |
| Contributions restricted for investment in property and equipment | <u>(529,146)</u> | <u>(864,932)</u> |
| Net cash used by operating activities | <u>(14,478)</u> | <u>(27,814)</u> |
| Cash Flows from Investing Activities | | |
| Decrease in cash and investments restricted for investment in property and equipment | 978,672 | 197,872 |
| Purchase of investments, net | (36,261) | (2,076) |
| Proceeds from sale of property and equipment | 8,954 | - |
| Purchase of property and equipment | <u>(2,041,483)</u> | <u>(699,382)</u> |
| Net cash used by investing activities | <u>(1,090,118)</u> | <u>(503,586)</u> |
| Cash Flows from Financing Activities | | |
| Cash received for investment in property and equipment | <u>791,166</u> | <u>879,255</u> |
| Net cash provided by financing activities | <u>791,166</u> | <u>879,255</u> |
| Net increase (decrease) in cash and cash equivalents | (313,430) | 347,855 |
| Cash and cash equivalents at beginning of year | <u>529,526</u> | <u>181,671</u> |
| Cash and cash equivalents at end of year | <u>\$ 216,096</u> | <u>\$ 529,526</u> |
| Noncash investing activities: | | |
| Accrual of construction in progress | <u>\$ -</u> | <u>\$ 385,613</u> |

See notes to financial statements.



UNITED COMMUNITY CENTERS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended March 31, 2011 with

Comparative Total for the Year Ended March 31, 2010

| | Program Services | | | Total Program Services |
|--|-------------------|-------------------|----------------------|------------------------|
| | Case Management | ACT III | School Age Childcare | |
| Salaries | \$ 102,596 | \$ 187,486 | \$ 318,892 | \$ 608,974 |
| Employee benefits | 9,163 | 16,743 | 28,481 | 54,387 |
| Payroll taxes | 9,235 | 16,875 | 28,705 | 54,815 |
| Total salaries and related expenses | 120,994 | 221,104 | 376,078 | 718,176 |
| Direct aid to clients | 62,055 | 7,105 | 6,867 | 76,027 |
| Professional fees | - | - | - | - |
| Other fees for service | 575 | 23,455 | 24,624 | 48,654 |
| Legal | - | - | 7,279 | 7,279 |
| Advertising and promotion | - | - | 25 | 25 |
| Accounting | - | - | - | - |
| Office | 2,446 | 3,179 | 9,203 | 14,828 |
| Occupancy | 48,679 | 29,428 | 64,489 | 142,596 |
| Insurance | 3,217 | 9,246 | 14,628 | 27,091 |
| Program supplies | 787 | 10,722 | 41,758 | 53,267 |
| Transportation | 4,545 | 13,030 | 16,404 | 33,979 |
| Conferences | - | - | 2,425 | 2,425 |
| Interest | - | - | - | - |
| Repairs and maintenance | 10,015 | 7,619 | 18,755 | 36,389 |
| Contributed rent | 66,025 | 34,847 | 69,693 | 170,565 |
| Dues and subscriptions | 356 | 462 | 4,042 | 4,860 |
| Miscellaneous | - | - | - | - |
| Total expenses before depreciation | 319,694 | 360,197 | 656,270 | 1,336,161 |
| Depreciation of property and equipment | 23,016 | 12,148 | 24,295 | 59,459 |
| Total expenses | <u>\$ 342,710</u> | <u>\$ 372,345</u> | <u>\$ 680,565</u> | <u>\$ 1,395,620</u> |

See notes to financial statements.

| Supporting Services | | | | |
|------------------------------|-------------------|------------------------------|---------------------|---------------------|
| Management and General | Fund- raising | Total Supporting Services | Total | |
| | | | 2011 | 2010 |
| \$ 90,724 | \$ 91,324 | \$ 182,048 | \$ 791,022 | \$ 880,561 |
| 8,102 | 8,156 | 16,258 | 70,645 | 72,027 |
| 8,166 | 8,220 | 16,386 | 71,201 | 75,262 |
| 106,992 | 107,700 | 214,692 | 932,868 | 1,027,850 |
| - | - | - | 76,027 | 101,390 |
| - | 4,000 | 4,000 | 4,000 | 48,000 |
| 110 | 242 | 352 | 49,006 | 51,650 |
| - | - | - | 7,279 | 75 |
| - | 1,618 | 1,618 | 1,643 | 2,651 |
| 21,330 | - | 21,330 | 21,330 | 21,245 |
| 8,551 | 10,283 | 18,834 | 33,662 | 41,432 |
| 6,296 | 5,819 | 12,115 | 154,711 | 151,305 |
| 312 | 687 | 999 | 28,090 | 26,126 |
| 182 | 401 | 583 | 53,850 | 77,215 |
| 7,602 | 5,374 | 12,976 | 46,955 | 50,277 |
| 1,650 | 1,415 | 3,065 | 5,490 | 5,294 |
| - | - | - | - | 161 |
| 1,525 | 2,077 | 3,602 | 39,991 | 58,732 |
| 7,795 | 5,044 | 12,839 | 183,404 | 194,845 |
| 82 | 181 | 263 | 5,123 | 4,253 |
| 2,822 | - | 2,822 | 2,822 | 1,466 |
| 165,249 | 144,841 | 310,090 | 1,646,251 | 1,863,967 |
| 2,718 | 1,758 | 4,476 | 63,935 | 40,470 |
| <u>\$ 167,967</u> | <u>\$ 146,599</u> | <u>\$ 314,566</u> | <u>\$ 1,710,186</u> | <u>\$ 1,904,437</u> |



UNITED COMMUNITY CENTERS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

United Community Centers, Inc. (the “Agency”) is a United Way and United Methodist Church agency that operates three community centers, providing social services to needy residents of Tarrant County, Texas. Programs of the Agency include:

Case Management - This program provides an initial assessment of an individual’s needs and strengths and the provision of direct services such as food, clothing, and referrals for community resources such as nutrition education and health screening. Medicaid and food stamp applications are made available to clients needing such services. Major activities include an annual Thanksgiving basket distribution, three hundred (300) senior citizens and four hundred (400) children adopted for Christmas gifts and school supplies, and uniforms distributed to families with school age children.

ACT III (Awareness Changes Tomorrow) – This program is three-tiered focusing on youth in middle and high school. The program centers on self, family, and community awareness. Program components address life skills, prevention of negative behaviors, school advancement, and preparing youth for becoming productive citizens in the community.

School Age Childcare - This program is a licensed after school and all day summer child care program for children from kindergarten through 5th grade. It includes tutoring, social skill development, after school snacks, dinner, field trips, and parental involvement. Children also participate in a day camp during the summer months. All day childcare is provided in the summer and spring break.

Management Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that are used.

Cash and Cash Equivalents

The Agency considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable represent billings to government agencies for reimbursement of expenditures made under grant agreements. Management evaluates the collectibility of accounts receivable based on a periodic review of individual accounts. The primary factors considered in determining the collectibility are collection history, the aging of the accounts, and other specific information known to management that may affect collectibility. No allowance for doubtful accounts is considered necessary at March 31, 2011 and 2010.



UNITED COMMUNITY CENTERS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment that are purchased are recorded at cost and depreciated over estimated useful lives using the straight-line method. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Absent donor stipulations regarding how long those donated assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Agency reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Impairment of Long-Lived Assets

Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted future cash flows from the assets are less than the carrying value of the assets. Assets to be disposed of are reported at the lower of their carrying amounts or fair value, less cost to sell. Management is of the opinion that the carrying amount of its long-lived assets does not exceed their estimated recoverable amount.

Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Services

No amounts have been reflected in the financial statements for donated services since no objective basis is available to measure the value of such services. However, a number of volunteers donate significant amounts of their time to the Agency.

Revenue Recognition

The Agency records contributions upon receipt of the contribution or unconditional promise to give. Government grants revenue is recorded upon expenditure of allowable costs reimbursable under the agreement. All other revenues are recorded when earned.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.



UNITED COMMUNITY CENTERS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Agency is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation within the meaning of Section 509(a) of the Code.

As a not-for-profit organization, Agency is not liable for federal income taxes. Accounting standards require financial statement recognition and disclosure for uncertain tax positions taken or expected to be taken in a tax return. Financial statement recognition of a tax position is dependent on an assessment of a 50% or greater likelihood that the tax position will be sustained upon examination, based on the technical merits of the position. Interest and penalties, if any, related to uncertain tax positions would be recorded in the statement of activities as general and administrative expense. As of March 31, 2011, management determined that the Agency does not have any unrecognized tax benefits. With a few exceptions, Federal income tax returns are no longer subject to examination by tax authorities prior to 2008.

Subsequent Events

Management evaluated subsequent events through August 25, 2011, which is the date the financial statements were available to be issued.

Prior-Year Comparative 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended March 31, 2010, from which the summarized information was derived.

NOTE 2. CONTRIBUTIONS RECEIVABLE

The Agency has contributions receivable of \$28,632 and \$39,175 at March 31, 2011 and 2010, respectively. No allowance for doubtful contributions receivable is considered necessary at March 31, 2011 and 2010. Collection of contributions receivable is made in the subsequent year.

NOTE 3. INVESTMENTS

The Agency invests unrestricted funds with the Texas Methodist Foundation ("TMF"). Such funds are carried at fair value, which approximates cost. TMF maintains sole management and control of funds on deposit. TMF pays the Agency a specified rate of return on cash in the fund. Funds invested at March 31, 2011 and 2010 are \$54,563 and \$103,402, respectively.

The Agency invests restricted capital campaign funds in money market funds with an investment firm. Such funds are carried at cost, which approximates fair value based on their short-term nature. Funds restricted for property and equipment at March 31, 2011 and 2010 for a total of \$190,407 and \$867,147, respectively. The money market funds also include unrestricted funds of \$85,100 at March 31, 2011.



UNITED COMMUNITY CENTERS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. FAIR VALUE OF ASSETS AND LIABILITIES

The Fair Value Measurements and Disclosures Topic of the accounting standards codification establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities.
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include publicly traded stocks, mutual funds, certificates of deposit, and money market funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. Level 2 securities include swap agreements, non-public index funds, and limited partnerships. Level 3 securities include investments in funds that have no readily determinable fair value.

The funds invested in Level 3 securities total \$54,563 and \$103,402 at March 31, 2011 and 2010, respectively. The activity during 2011 includes interest earnings of \$1,161 and a withdrawal of \$50,000. The Level 3 securities are carried at cost which approximates fair value based on their short-term nature.

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statement of financial position measured at fair value on a recurring basis and the level within the standards fair value hierarchy in which the fair value measurements fall at March 31, 2011.

| | Fair Value | Fair Value Measurements Using | | |
|-------------|-------------------|-------------------------------|-------------|------------------|
| | | Level 1 | Level 2 | Level 3 |
| Investments | <u>\$ 139,663</u> | <u>\$ 85,100</u> | <u>\$ -</u> | <u>\$ 54,563</u> |



UNITED COMMUNITY CENTERS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. FAIR VALUE OF ASSETS AND LIABILITIES (Continued)

Fair Value of Financial Instruments

The Agency's financial instruments consist of cash and cash equivalents, contributions receivable, accounts receivable, investments, and accounts payable. The recorded values of these financial instruments approximate their fair values based on their short-term nature.

NOTE 5. ASSETS RESTRICTED FOR INVESTMENT IN PROPERTY AND EQUIPMENT

Assets restricted to investment in property and equipment consist of the following at March 31, 2011 and 2010:

| | 2011 | 2010 |
|---------------------------|-------------------|---------------------|
| Cash and cash equivalents | \$ 190,407 | \$ 1,169,079 |
| Pledges receivable, net | 196,815 | 458,835 |
| | <u>\$ 387,222</u> | <u>\$ 1,627,914</u> |

The Agency recognizes unconditional promises to give as support in the period the promise is made and reports them as contributions in the statements of activities. Pledges receivable are temporarily restricted to be used in the construction of the new centers. The pledges are measured at present value of the estimated future cash flows using a discount rate of 4.33%, resulting in an unamortized discount of \$1,645 at March 31, 2011. Collection of the receivables is expected through 2012 as follows:

| | |
|--------------------------|-------------------|
| Due in one year | \$ 158,191 |
| Due in two to five years | 40,269 |
| | <u>\$ 198,460</u> |

The Agency has conditional pledges totaling \$475,000 and \$950,000 at March 31, 2011 and 2010, respectively, that are not recognized as contributions. The remaining conditional pledges at March 31, 2011 will be recognized upon commencement of construction of the Wesley center.

NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at March 31, 2011 and 2010:

| | 2011 | 2010 |
|-------------------------------|---------------------|---------------------|
| Land | \$ 300,920 | \$ 300,920 |
| Buildings and improvements | 2,531,120 | 224,538 |
| Transportation equipment | 173,886 | 162,481 |
| Furniture and equipment | 976,435 | 968,668 |
| Construction in progress | 233,383 | 952,940 |
| | <u>4,215,744</u> | <u>2,609,547</u> |
| Less accumulated depreciation | (1,245,334) | (1,226,520) |
| | <u>\$ 2,970,410</u> | <u>\$ 1,383,027</u> |



UNITED COMMUNITY CENTERS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. PROPERTY AND EQUIPMENT (Continued)

During 2007, the Board approved building three new facilities for program centers. Each facility will be approximately 12,500 square feet at a total estimated cost for the entire project of approximately \$6.5 million. In November 2010, the Polytechnic Center was completed. Construction in progress at March 31, 2011 represents the construction of a playground and parking lot for the Polytechnic Center.

NOTE 7. RESTRICTIONS ON ASSETS

Temporarily restricted net assets consist of funds contributed to the Agency restricted for the following purposes at March 31, 2011 and 2010:

| | 2011 | 2010 |
|------------------------|-------------------|---------------------|
| Time | \$ 28,632 | \$ 39,175 |
| Property and equipment | 387,222 | 1,627,914 |
| | <u>\$ 415,854</u> | <u>\$ 1,667,089</u> |

NOTE 8. CONTRIBUTED RENTAL SPACE

The Agency is allowed free use of certain facilities by landlords. In November 2010, the Agency opened the new Polytechnic Center which ended the occupancy of the former Polytechnic building. Contributions and related occupancy expense are reflected in the accompanying financial statements for the years ended March 31, 2011 and 2010, based on the following estimated values:

| Location | Square Feet | Estimated Square Foot Annual Rental Value | Months in Service | 2011 | | 2010 | |
|-------------|-------------|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| | | | | Rental Equivalent | Rental Equivalent | Rental Equivalent | Rental Equivalent |
| Wesley | 10,840 | \$ 5.50 | 12 | \$ 59,620 | \$ 59,620 | \$ 59,620 | \$ 59,620 |
| Bethlehem | 10,946 | 5.25 | 12 | 57,466 | 57,466 | 57,466 | 57,466 |
| Maddox | 9,145 | 4.75 | 12 | 43,439 | 43,439 | 43,439 | 43,439 |
| Polytechnic | 10,560 | 3.25 | 8 | 22,879 | 22,879 | 34,320 | 34,320 |
| | | | | <u>\$ 183,404</u> | <u>\$ 183,404</u> | <u>\$ 194,845</u> | <u>\$ 194,845</u> |

NOTE 9. CONCENTRATIONS

The Agency participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any disallowed costs, including amounts already collected, may constitute a liability of the Agency. The Agency believes they are in substantial compliance with such grant programs, and disallowed costs, if any, would not be significant.



UNITED COMMUNITY CENTERS, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RETIREMENT PLAN

The Agency provides a defined contribution retirement plan covering all employees that are age eighteen and older and have completed one year of service. Under the provisions of the plan, the Agency matches 50% of the eligible employee's contributions up to 8% of total compensation. The Agency's contributions to the plan are \$7,916 and \$9,830 for the years ended March 31, 2011 and 2010, respectively.

NOTE 11. SPECIAL EVENTS

The Agency records special events revenues net of related expenses as contributions in the statement of activities. The revenue from special events is \$71,230 and \$169,946 for the years ended March 31, 2011 and 2010, respectively. The direct expense of holding the special events is \$45,922 and \$93,350 for the years ended March 31, 2011 and 2010, respectively.

NOTE 12. UNITED COMMUNITY CENTERS FOUNDATION, INC.

The Agency created a separate foundation named United Community Centers Foundation, Inc. (the "Foundation") to hold certain investments for the Agency. The Agency provided office personnel and office space for operations of the Foundation during the years ended March 31, 2011 and 2010. The costs incurred by the Agency related to these services are minimal, and the Foundation is not required to reimburse any of the related costs.

The Agency's financial statements exclude the net assets and operating results of the Foundation since control of the Foundation does not exist through a majority voting interest. A summary of unaudited financial data of the Foundation at December 31, 2010, and for the year then ended follows:

| | |
|----------------------|-------------------|
| Total assets | \$ 862,664 |
| Total liabilities | <u>(5,804)</u> |
| Net assets | <u>\$ 856,860</u> |
| | |
| Total revenue | \$ 155,631 |
| Total expenses | <u>78,961</u> |
| Change in net assets | <u>\$ 76,670</u> |

