

**UNITED WAY OF TUCSON AND
SOUTHERN ARIZONA, INC.**

AGREED UPON PROCEDURES REPORT

Ron Sable,
Chairman of the Board of Directors
United Way of Tucson and Southern Arizona, Inc.
330 N Commerce Park Loop
Tucson, AZ 85745

RE: Agreed Upon Procedures for United Way of Tucson and Southern Arizona, Inc.

We have been engaged to perform agreed upon procedures as outlined in the engagement letter dated January 14, 2010 for the Board of Directors and Audit and Ethics Committee of the United Way of Tucson and Southern Arizona, Inc. (the specified parties). Our engagement to apply the agreed-upon procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described above either for the purpose for which this report has been requested or for any other purpose.

We have applied the agreed-upon procedures as requested by the specified parties as follows:

1. Performed a forensic analysis of the assets, liabilities and net assets as of November 30, 2009, June 30, 2009 (FY09) and June 30, 2008 (FY08) to determine if sufficient liquid assets existed at those dates to fund the following:
 - a. Permanently restricted endowment funds
 - b. Temporarily restricted funds
 - c. Donor advised funds (philanthropic and charitable growth funds)
 - d. Custodial and agency (designations to agencies) liabilities
 - e. Allocations and grants payable to agencies.

Our reports are attached at Exhibit A as follows:


- A1 - Statement of Financial Position by Fund as of November 30, 2009
 - A2 - Statement of Financial Position by Fund as of June 30, 2009
 - A3 - Statement of Financial Position by Fund as of June 30, 2008.
2. Reviewed process for accounting for donor advised funds with respect to receipt of new funding as well as timing of distribution upon recommendation from donors. See attached Exhibit B for the specific procedures and our findings and recommendations.
 3. Reviewed monthly board meeting minutes for FY09 and FY08, including financial reports in packet for consistency in communication from management. See attached Exhibit C for the specific procedures and our findings and recommendations.

Integrity is the highest form of service.

4. Determined if the financial reporting and disclosures are in compliance with UWA national guidelines and requirements for the years ended June 30, 2009 and 2008. See attached Exhibit D for the specific procedures and our findings and recommendations.
5. Reviewed procurement policies and procedures. Determined compliance with same for all vendors receiving in excess of \$20,000 for the years ended June 30, 2009 and 2008. See attached Exhibit E for the specific procedures and our findings and recommendations.
6. Assisted accounting staff with revisions needed for November 30, 2009 financial statements with respect to accrued payroll, temporarily restricted net assets and government grant receivables in order to assist Treasurer in cash forecast for releasing funds to agencies. Work was performed and the effect of the specific revisions were incorporated into our reports noted above in Exhibit A.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the financial statements. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors and the Audit and Ethics Committee and is not intended to be and should not be used by anyone other than the specified parties.


DEVRIES CPAS OF ARIZONA, P.C.

February 10, 2010

UNITED WAY OF TUCSON AND SOUTHERN ARIZONA, INC.
EXHIBIT A1 - STATEMENT OF FINANCIAL POSITION BY FUND AT NOVEMBER 30, 2009

	Totals per Internal FS (UWTSA only)	Permanently restricted net assets	Temporarily restricted net assets	Board committed resources				Unrestricted	
				Custodial funds	Govt Grants	Donor advised funds		Expended for PPE	Undesig (deficit)
						Pfunds	Growth		
Assets									
Current assets									
Cash and cash equivalents	2,661,307	447,847	82,519	614,193	654,510		63,335		798,903
Investments (both short and long term)	3,631,995	707,870		285,000			469,451		2,169,674
Subtotal cash and investments before reallocation	6,293,302	1,155,717	82,519	899,193	654,510		532,786		2,968,577
Reallocation	0	133,316	717,174	1,053,061	309,830	965,216	603,317		(3,781,914)
Subtotal cash and investments after reallocation	6,293,302	1,289,033	799,693	1,952,254	964,340	965,216	1,136,103		(813,337)
Campaign pledges receivable, current portion	1,377,004								1,377,004
Endowment pledge receivable, current portion	100,000	100,000							0
Government contract receivables	537,976				479,327				58,649
Other receivables	87,616								87,616
Prepaid expenses and deposits	4,480								4,480
Total current assets	8,400,378	1,389,033	799,693	1,952,254	1,443,667	965,216	1,136,103	0	714,412
Due from UWCC (to UWTSA)	105,042								105,042
Note receivable	300,000		300,000						0
Long-term campaign pledges receivable, net	47,102								47,102
Long-term endowment pledge receivable, net	185,442	185,442							0
Property and equipment, net	31,264							31,264	0
Other assets	0								0
Total assets	9,069,228	1,574,475	1,099,693	1,952,254	1,443,667	965,216	1,136,103	31,264	866,556
Liabilities and net assets									
Current liabilities									
Current portion of long-term debt	0								0
Current portion of annuity payment obligations	5,750								5,750
Allocations and grants payable to agencies	884,800								884,800
Accounts payable	687,177			116,573	401,845				168,759
Accrued expenses and other liabilities	337,040								337,040
Deferred revenue	1,041,822				1,041,822				0
Deferred rent income	0								0
Custodial and agency liabilities	1,937,538			1,835,681					101,857
Total current liabilities	4,894,127	0	0	1,952,254	1,443,667	0	0	0	1,498,206
Annuity payment obligations, net	149,664								149,664
Long-term debt, net of current portion	115,000								115,000
Liability under interest rate swap agreement									
Total liabilities	5,158,791	0	0	1,952,254	1,443,667	0	0	0	1,762,870
Net assets									
Unrestricted									
Expended for property and equipment	31,264							31,264	
Donor advised funds - Philanthropic funds	965,216					965,216			
Donor advised funds - Charitable growth funds	1,136,103						1,136,103		
Undesignated (deficit) available for operations	(896,314)								(896,314)
Total unrestricted	1,236,269	0	0	0	0	965,216	1,136,103	31,264	(896,314)
Temporarily restricted	1,099,693		1,099,693						
Permanently restricted	1,574,475	1,574,475							
Total net assets	3,910,437	1,574,475	1,099,693	0	0	965,216	1,136,103	31,264	(896,314)
Total liabilities and net assets	9,069,228	1,574,475	1,099,693	1,952,254	1,443,667	965,216	1,136,103	31,264	866,556

UNITED WAY OF TUCSON AND SOUTHERN ARIZONA, INC.
EXHIBIT A1 - STATEMENT OF FINANCIAL POSITION BY FUND AT NOVEMBER 30, 2009

	United Way Capital Corporation		
	Totals per internal FS	Expended for PPE	Undesig available
Assets			
Current assets			
Cash and cash equivalents	228,161		228,161
Investments (both short and long term)			
Subtotal cash and investments before reallocation	228,161		228,161
Reallocation			
Subtotal cash and investments after reallocation	228,161		228,161
Campaign pledges receivable, current portion			
Endowment pledge receivable, current portion			
Government contract receivables			
Other receivables	15,045		15,045
Prepaid expenses and deposits			
Total current assets	<u>243,206</u>	0	<u>243,206</u>
Due from UWCC (to UWTSA)	(105,042)		(105,042)
Note receivable			
Long-term campaign pledges receivable, net			
Long-term endowment pledge receivable, net			
Property and equipment, net	4,887,415	4,887,415	
Other assets	<u>152,200</u>	<u>152,200</u>	
Total assets	<u><u>5,177,779</u></u>	<u><u>5,039,615</u></u>	<u><u>138,164</u></u>
Liabilities and net assets			
Current liabilities			
Current portion of long-term debt	176,830	176,830	
Current portion of annuity payment obligations			
Allocations and grants payable to agencies			
Accounts payable			
Accrued expenses and other liabilities	2,005		2,005
Deferred revenue			
Deferred rent income	73,118		73,118
Custodial and agency liabilities			
Total current liabilities	<u>251,953</u>	<u>176,830</u>	<u>75,123</u>
Annuity payment obligations, net			
Long-term debt, net of current portion	2,700,000	2,700,000	
Liability under interest rate swap agreement	<u>128,281</u>	<u>128,281</u>	
Total liabilities	<u>3,080,234</u>	<u>3,005,111</u>	<u>75,123</u>
Net assets			
Unrestricted			
Expended for property and equipment	2,097,545	2,034,504	
Donor advised funds - Philanthropic funds			
Donor advised funds - Charitable growth funds			
Undesignated (deficit) available for operations			63,041
Total unrestricted	<u>2,097,545</u>	<u>2,034,504</u>	<u>63,041</u>
Temporarily restricted			
Permanently restricted			
Total net assets	<u>2,097,545</u>	<u>2,034,504</u>	<u>63,041</u>
Total liabilities and net assets	<u><u>5,177,779</u></u>	<u><u>5,039,615</u></u>	<u><u>138,164</u></u>

Assumptions & Adjustments:

- 1 Used specific cash and investment accounts if named.
- 2 Combined short term and long term investments for ease of use
- 3 Reallocation used to balance fund with non-specific cash/investments
- 4 TRNA balance adjusted for note receivable and FAS 117-1 corrections
- 5 Cash & accrued exp and other liab adjusted for accrued payroll
- 6 Moved donor designations and alloc/grants payable to unrestricted
- 7 All board designations have been disregarded at Nov 30, 2009
- 8 Allocations and grants payable to agencies was adjusted to \$884,800
- 9 Govt billings of \$165,349 were not booked in Nov GL but are reflected here
- 10 Unapplied payments are considered custodial liabilities

UNITED WAY OF TUCSON AND SOUTHERN ARIZONA, INC.
EXHIBIT A2 - STATEMENT OF FINANCIAL POSITION BY FUND AT JUNE 30, 2009

	Totals per audited FS (UWTSA only)	Permanently restricted net assets	Temporarily restricted net assets	Board committed liabilities				Unrestricted	
				Custodial liabilities	Govt grants	Donor advised funds		Expended for PPE	Undesig (deficit)
						Pfunds	Growth		
Assets									
Current assets									
Cash and cash equivalents	2,972,617	380,579		880,919	1,523,842		95,641		91,636
Investments, both short and long term	3,907,728	1,249,320					459,206		2,199,202
Subtotal, cash/investments before reallocation	6,880,345	1,629,899		880,919	1,523,842		554,847		2,290,838
Reallocation		(340,866)	626,008	(11,165)	(506,606)	1,365,145	456,536		(1,589,052)
Subtotal, cash/investments after reallocation	6,880,345	1,289,033	626,008	869,754	1,017,236	1,365,145	1,011,383		701,786
Campaign pledges receivable, current portion	2,394,722		22,394						2,372,328
Endowment pledge receivable, current portion	100,000	100,000							0
Government contract receivables	494,268				494,268				0
Other receivables	85,105								85,105
Prepaid expenses and deposits	12,688								12,688
Total current assets	9,967,128	1,389,033	648,402	869,754	1,511,504	1,365,145	1,011,383	0	3,171,907
Due from UWCC (to UWTSA)	70,841								70,841
Note receivable	400,000		400,000						0
Long-term campaign pledges receivable, net	34,709		34,709						0
Long-term endowment pledge receivable, net	185,442	185,442							0
Property and equipment, net	35,789							35,789	0
Other assets	0								0
Total assets	10,693,909	1,574,475	1,083,111	869,754	1,511,504	1,365,145	1,011,383	35,789	3,242,748
Liabilities and net assets									
Current liabilities									
Current portion of long-term debt	0								0
Current portion of annuity payment obligations	9,047								9,047
Allocations and grants payable to agencies	1,008,424								1,008,424
Accounts payable	723,278								723,278
Accrued expenses and other liabilities	333,830								333,830
Deferred revenue	1,511,504				1,511,504				0
Deferred rent income	0								0
Custodial and agency liabilities	2,532,094			869,754					1,662,340
Total current liabilities	6,118,177	0	0	869,754	1,511,504	0	0	0	3,736,919
Annuity payment obligations, net	149,664								149,664
Long-term debt, net of current portion									
Liability under interest rate swap agreement									
Total liabilities	6,267,841	0	0	869,754	1,511,504	0	0	0	3,886,583
Net assets									
Unrestricted									
Expended for property and equipment	35,789							35,789	
Donor advised funds - Philanthropic funds	1,365,145					1,365,145			
Donor advised funds - Charitable growth funds	1,011,383						1,011,383		
Undesignated (deficit) available for operations	(643,835)								(643,835)
Total unrestricted	1,768,482	0	0	0	0	1,365,145	1,011,383	35,789	(643,835)
Temporarily restricted	1,083,111		1,083,111						
Permanently restricted	1,574,475	1,574,475							
Total net assets	4,426,068	1,574,475	1,083,111	0	0	1,365,145	1,011,383	35,789	(643,835)
Total liabilities and net assets	10,693,909	1,574,475	1,083,111	869,754	1,511,504	1,365,145	1,011,383	35,789	3,242,748

UNITED WAY OF TUCSON AND SOUTHERN ARIZONA, INC.
EXHIBIT A2 - STATEMENT OF FINANCIAL POSITION BY FUND AT JUNE 30, 2009

	United Way Capital Corporation		
	Totals per audited FS	Expended for PPE	Undesig available
Assets			
Current assets			
Cash and cash equivalents	118,659		118,659
Investments, both short and long term			
Subtotal, cash/investments before reallocation	118,659		118,659
Reallocation			
Subtotal, cash/investments after reallocation	118,659		118,659
Campaign pledges receivable, current portion			
Endowment pledge receivable, current portion			
Government contract receivables			
Other receivables	37,942		37,942
Prepaid expenses and deposits			
Total current assets	<u>156,601</u>	0	<u>156,601</u>
Due from UWCC (to UW TSA)	(70,841)		(70,841)
Note receivable			
Long-term campaign pledges receivable, net			
Long-term endowment pledge receivable, net			
Property and equipment, net	4,942,703	4,942,703	
Other assets	<u>152,200</u>	<u>152,200</u>	
Total assets	<u><u>5,180,663</u></u>	<u><u>5,094,903</u></u>	<u><u>85,760</u></u>
Liabilities and net assets			
Current liabilities			
Current portion of long-term debt	176,829	176,829	
Current portion of annuity payment obligations			
Allocations and grants payable to agencies			
Accounts payable			
Accrued expenses and other liabilities	2,004		2,004
Deferred revenue			
Deferred rent income	73,118		73,118
Custodial and agency liabilities			
Total current liabilities	<u>251,951</u>	<u>176,829</u>	<u>75,122</u>
Annuity payment obligations, net			
Long-term debt, net of current portion	2,700,000	2,700,000	
Liability under interest rate swap agreement	<u>128,281</u>	<u>128,281</u>	
Total liabilities	<u>3,080,232</u>	<u>3,005,110</u>	<u>75,122</u>
Net assets			
Unrestricted			
Expended for property and equipment	2,100,431	2,089,793	
Donor advised funds - Philanthropic funds			
Donor advised funds - Charitable growth funds			
Undesignated (deficit) available for operations			10,638
Total unrestricted	<u>2,100,431</u>	<u>2,089,793</u>	<u>10,638</u>
Temporarily restricted			
Permanently restricted			
Total net assets	<u>2,100,431</u>	<u>2,089,793</u>	<u>10,638</u>
Total liabilities and net assets	<u><u>5,180,663</u></u>	<u><u>5,094,903</u></u>	<u><u>85,760</u></u>

Assumptions & Adjustments:

- 1 Used specific cash and investment accounts if named.
- 2 Combined short term and long term investments for ease of use
- 3 Reallocation used to balance fund with non-specific cash/investments
- 4 TRNA balance adjusted for note receivable and FAS 117-1 corrections
- 5 Moved donor designations and alloc/grants payable to unrestricted
- 6 All board designations have been disregarded as of June 30, 2009

UNITED WAY OF TUCSON AND SOUTHERN ARIZONA
EXHIBIT A3 - STATEMENT OF FINANCIAL POSITION BY FUND AT JUNE 30, 2008

	Totals per audited FS (UWTSA only)	Permanently restricted net assets	Temporarily restricted net assets	Board committed liabilities			Expended for PPE	Undesig (deficit)
				Custodial funds	Donor advised Pfunds	Growth		
Assets								
Current assets								
Cash and cash equivalents	2,283,665	648,326		825,831		130,130		679,378
Investments, both short and long term	6,120,580	1,230,836				726,648		4,163,096
Subtotal, cash/investments before reallocation	8,404,245	1,879,162		825,831		856,778		4,842,474
Reallocation	0	(693,895)	1,732,778	(20,138)	1,932,093	934,695		(3,885,533)
Subtotal, cash/investments after reallocation	8,404,245	1,185,267	1,732,778	805,693	1,932,093	1,791,473		956,941
Campaign pledges receivable, current portion	2,606,265		10,000					2,596,265
Endowment pledge receivable, current portion	100,000	100,000						0
Government contract receivables	80,405							80,405
Other receivables	126,642							126,642
Prepaid expenses and deposits	4,480							4,480
Total current assets	11,322,037	1,285,267	1,742,778	805,693	1,932,093	1,791,473	0	3,764,733
Due from UWCC (to UWTSA)	84,313							84,313
Note receivable	600,000		600,000					0
Long-term campaign pledges receivable, net	38,820		38,820					0
Long-term endowment pledge receivable, net	253,036	253,036						0
Property and equipment, net	85,685						85,685	0
Other assets	0							0
Total assets	12,383,891	1,538,303	2,381,598	805,693	1,932,093	1,791,473	85,685	3,849,046
Liabilities and net assets								
Current liabilities								
Current portion of long-term debt	0							0
Current portion of annuity payment obligations	8,156							8,156
Allocations and grants payable to agencies	1,683,789							1,683,789
Accounts payable	224,858							224,858
Accrued expenses and other liabilities	337,042							337,042
Deferred revenue	0							0
Deferred rent income	0							0
Custodial and agency liabilities	2,271,280			805,693				1,465,587
Total current liabilities	4,525,125	0	0	805,693	0	0	0	3,719,432
Annuity payment obligations, net	165,122							165,122
Long-term debt, net of current portion								
Liability under interest rate swap agreement								
Total liabilities	4,690,247	0	0	805,693	0	0	0	3,884,554
Net assets								
Unrestricted								
Expended for property and equipment	85,685						85,685	
Donor advised funds - Philanthropic funds	1,932,093				1,932,093			
Donor advised funds - Charitable growth funds	1,791,473					1,791,473		
Undesignated (deficit) available for operations	(35,508)							(35,508)
Total unrestricted	3,773,743	0	0	0	1,932,093	1,791,473	85,685	(35,508)
Temporarily restricted	2,381,598		2,381,598					
Permanently restricted	1,538,303	1,538,303						
Total net assets	7,693,644	1,538,303	2,381,598	0	1,932,093	1,791,473	85,685	(35,508)
Total liabilities and net assets	12,383,891	1,538,303	2,381,598	805,693	1,932,093	1,791,473	85,685	3,849,046

UNITED WAY OF TUCSON AND SOUTHERN ARIZONA
EXHIBIT A3 - STATEMENT OF FINANCIAL POSITION BY FUND AT JUNE 30, 2008

	United Way Capital Corporation		
	Totals per audited FS	Expended for PPE	Undesig available
Assets			
Current assets			
Cash and cash equivalents	145,936		145,936
Investments, both short and long term			
Subtotal, cash/investments before reallocation	145,936		145,936
Reallocation			
Subtotal, cash/investments after reallocation	145,936		145,936
Campaign pledges receivable, current portion			
Endowment pledge receivable, current portion			
Government contract receivables			
Other receivables			
Prepaid expenses and deposits			
Total current assets	145,936	0	145,936
Due from UWCC (to UWTSA)	(84,313)		(84,313)
Note receivable			
Long-term campaign pledges receivable, net			
Long-term endowment pledge receivable, net			
Property and equipment, net	5,171,862	4,942,703	
Other assets	152,200	152,200	
Total assets	<u>5,385,685</u>	<u>5,094,903</u>	<u>61,623</u>
Liabilities and net assets			
Current liabilities			
Current portion of long-term debt	166,663	166,663	
Current portion of annuity payment obligations			
Allocations and grants payable to agencies			
Accounts payable			
Accrued expenses and other liabilities	5,637		5,637
Deferred revenue			
Deferred rent income	97,459		97,459
Custodial and agency liabilities			
Total current liabilities	269,759	166,663	103,096
Annuity payment obligations, net			
Long-term debt, net of current portion	2,876,829	2,876,829	
Liability under interest rate swap agreement	73,837	73,837	
Total liabilities	3,220,425	3,117,329	103,096
Net assets			
Unrestricted			
Expended for property and equipment	2,165,260	1,977,574	
Donor advised funds - Philanthropic funds			
Donor advised funds - Charitable growth funds			
Undesignated (deficit) available for operations			(41,473)
Total unrestricted	2,165,260	1,977,574	(41,473)
Temporarily restricted			
Permanently restricted			
Total net assets	2,165,260	1,977,574	(41,473)
Total liabilities and net assets	<u>5,385,685</u>	<u>5,094,903</u>	<u>61,623</u>

Assumptions & Adjustments:

- 1 Used specific cash and investment accounts if named.
- 2 Combined short term and long term investments for ease of use
- 3 Reallocation used to balance fund with non-specific cash/investments
- 4 TRNA balance adjusted for note receivable and FAS 117-1 corrections
- 5 Moved donor designations and alloc/grants payable to unrestricted
- 6 All board designations have been disregarded as of June 30, 2009

UNITED WAY OF TUCSON AND SOUTHERN ARIZONA, INC. EXHIBIT B – ACCOUNTING FOR DONOR ADVISED FUNDS

Procedures

1. Reviewed written processes for philanthropic funds (p-funds) and growth funds (g-funds) as follows:
 - Contributions into funds – Processing New Philanthropic Funds
 - Distributions from funds – Philanthropic Funds Tracking
2. Inquired into further details from staff as needed.
3. Reviewed the P-fund/G-fund activity from July 1, 2007 through November 30, 2009.
4. Tested a sample of distribution request forms.

Findings/Recommendations

1. Contributions are deposited into the general operating account, even G-funds which are required to be transferred to specific investment accounts. Noted that some G-funds were not transferred timely during the year, however, estimated earnings were still credited to the funds as though the deposits had properly been made. Recommend setting up a procedure to properly identify G-funds with staff to ensure that timely transfers are made in the future.
2. The 10%/\$1,000 annual fee charged by UWTSA for all contributions into the P-funds or G-funds is charged quarterly as an “automatic distribution” to UWTSA. The same coding in the system is used as for regular requested distributions. Recommend using a different code for the fees to ensure that the funds are all being charged appropriately and to be able to provide management and the Board of Directors a total of the fees earned from managing these funds annually.
3. Noted some distributions had notations such as “Gala event”, “annual dinner”, “school tax credit” or “building fund”. These have potential benefits associated with them (attendance at a special event, dollar for dollar tax credits or satisfaction of an enforceable pledge). Per discussion with staff, as long as the request form was signed, no further investigation was done other than to determine whether the payee was a 501(c)(3). Recommend strengthening the due diligence procedures to implement an investigation of potential violations of IRS regulations related to donor advised funds to follow the UWTSA guidelines entitled “Making Distribution Guidelines”.
4. Current policy is to distribute distribution requests weekly. Recommend going to monthly distributions to improve cash flows. This will also enable staff to withdraw funds ahead of time from either the G-fund specific accounts or from P-fund pooled investments to provide the cash flow for the distributions.

UNITED WAY OF TUCSON AND SOUTHERN ARIZONA, INC.
EXHIBIT C - COMMUNICATION OF FINANCIAL MATTERS IN BOARD MEETINGS

Agenda Date	Discussion of Financial Matters	In Consent Agenda	Finding/Recommendation
27-Jun-07	<p>Organizational Performance Plan presented by staff showing that staff can earn incentive pay each fiscal year if 5 common goals are met. BOD member asked if this was budgeted - Larry Dillon said no, but it would come "contingent on the staff meeting the 5 goals as the dollars will come from the targeted goal of an increase in unrestricted dollars".</p> <p>In financial statement notes attached to internal financial statements: "Cash up, investments up because of \$1.8 million . "Decrease in unrestricted funds of \$183,000 is in line with the budget with the expenditure of funds from the which was recognized as revenue last year."</p>	<p>No</p> <p>Yes</p>	<p>None</p> <p>1. Internal financial reports from management shown in a consent agenda would serve to minimize the importance on Board members asking questions as consent agenda items are meant to be uneventful, uncontroversial items. Recommend that quarterly financial statements should be included as part of regular board agenda and highlights presented by Treasurer/Finance Committee.</p>
26-Sep-07	<p>June 30, 2007 quarterly financial statements were attached. Community Impact Funding recommendations.</p>	<p>Yes</p> <p>Yes</p>	<p>See Finding 1.</p> <p>None</p>
28-Nov-07	<p>September 30, 2007 quarterly financial statements were attached. \$260,000 check counted as unrestricted revenue. "Unrestricted giving" threshold becomes the trigger for the incentive plan (per 07-08 Organizational Performance Plan".</p> <p>Audit results for June 30, 2007: Auditor reported that United Way has a very healthy and positive trend analysis in regards to revenue. Audit results presentation showed a graph with undesignated net assets as a total without regard to separating out board designated funds, donor advised funds (P-funds and G-funds) or expended for property and equipment.</p>	<p>Yes</p> <p>No</p>	<p>See Finding 1.</p> <p>None</p>

UNITED WAY OF TUCSON AND SOUTHERN ARIZONA, INC.
EXHIBIT C - COMMUNICATION OF FINANCIAL MATTERS IN BOARD MEETINGS

Agenda Date	Discussion of Financial Matters	In Consent Agenda	Finding/Recommendation
30-Jan-08	Campaign results on target overall raised \$8.2 million, unrestricted raised was \$3.25 million.	No	None
28-May-08	Approved Budget for 08-09 year: \$2.9 million operating budget, \$1.9 million distributions, \$10,000 capital budget. Maintain reserve funds at \$536,737 through June 30, 2008. Part of budget showed using \$300,000 of money for "vision fund".	No	2. funds were restricted for "charities located in the southwestern portion of Arizona". Doesn't appear to fit with purpose of vision fund which was to do additional fundraising. Recommend considering additional \$300,000 allocations to properly finish
25-Jun-08	Annual meeting - No financial matters addressed.		None
24-Sep-08	Internal financial statements for June 30, 2008 attached as part of consent agenda. The financial statements showed an unrestricted loss of \$1.2 million, philanthropic and endowments showed a loss of \$600,000. In addition, looking at the budget comparison, actual results for the year showed permanent salaries over budget by \$102,000; temporary salaries over budget by \$108,000; professional fees over budget by \$202,000 and events and promotional costs over budget by \$200,000. CEOs memorandum discussed the economy but said he "remains optimistic" and cited positive happenings such as growth, improved campaign.	Yes	See Finding 1.
19-Nov-08	Consent agenda included financial statements for September 30, 2008 with a total loss of \$1.5 million, unrestricted loss of \$785,000 and a loss of philanthropic/endowments of \$460,000.	No	None
19-Nov-08	Consent agenda included financial statements for September 30, 2008 with a total loss of \$1.5 million, unrestricted loss of \$785,000 and a loss of philanthropic/endowments of \$460,000.	Yes	See Finding 1.

**UNITED WAY OF TUCSON AND SOUTHERN ARIZONA, INC.
EXHIBIT C - COMMUNICATION OF FINANCIAL MATTERS IN BOARD MEETINGS**

Agenda Date	Discussion of Financial Matters	In Consent Agenda	Finding/Recommendation
19-Nov-08 cont'd.	Audit Presentation: showed decrease in unrestricted net assets, however still included all unrestricted dollars in total, such as donor advised funds and property and equipment. No mention of \$1.1 million undesignated deficit in presentation.	No	None
28-Jan-09	Campaign update - close to target in spite of economy.	No	None
25-Mar-09	Consent agenda included internal financial statements for December 31, 2008. No balance sheet was presented in the packet, only notes saying that due to economic conditions, cash was 18% lower and investments were 40% lower.	Yes	See Finding 1.
27-May-09	Budget for 09/10 approved. Consent agenda included internal financial statements for March 31, 2009. No discussion in minutes.	No Yes	None See Finding 1.
24-Jun-09	Annual meeting: Treasurer discussed collections and other cash flow issues.	No	None

Additional observation/finding and recommendations:

Per review of the United Way of Tucson and Southern Arizona's By-Laws, all standing committees are required to keep minutes of all meetings held. It was noted that the Officers' Steering Committee (OSC) has only sporadically formalized meeting minutes for the fiscal years ended June 30, 2008, 2009 to current.

Recommend that the OSC formalize all minutes of its committee meetings to be maintained in the corporation offices (ARS 10-3825). Also recommend that OSC agendas (and subsequent minutes) reflect approval of the previous month's OSC minutes.

UNITED WAY OF TUCSON AND SOUTHERN ARIZONA, INC.
EXHIBIT D - UWA FINANCIAL STATEMENT STANDARDS

UWA requirement per Implementation Requirements for Membership Standard "H" (Financial Statement Standards)	FY 2009 Audited financial statements		FY 2008 Audited financial statements	
	Yes/No	Comments	Yes/No	Comments
1 Audited financial statements will set forth all campaign related activity (income/expense) consistent with approved UWA definitions.	Yes		Yes	
2 Government campaigns (federal/state/local) will be included in the audit, unless controlling authority specifically disallows. Either way the activity should be footnoted according to current controlling authority guidelines.	Yes		Yes	
3 The financial statements must be in compliance with the minimum content requirements referenced in specific options 1 (simplified) or 2 (more detailed).		See below for specific minimum content required.		See below for specific minimum content required.
4 Gross campaign results (including gross donor designations) will be displayed on the statement of activities. Gross donor designations will then be presented as reduction item thereby reversing this amount prior to totalling campaign revenue.	Yes		Yes	
5 Provision for uncollectible campaign will be displayed as a (contra) revenue item on a separate line on the statement of activities.	Yes		Yes	
6 Amounts received for the processing/transferring of pledges/designations (fundraising, administration, processing, distribution, etc.) will be set forth in the "Service Fee" revenue line item (not as campaign revenue) on the statement of activities.	Yes		Yes	
7 Statement of functional expenses will display, at a minimum, the following program service areas:				
a. Community Impact (Fund Allocation/Distributions)	Yes		Yes	
b. Other program services, as performed, may be included individually or collectively	Yes		Yes	
8 All statements of functional expenses will display at a minimum the following support (overhead) service areas:				
a. Organizational Administration (Management & General)	Yes		Yes	
b. Resource Development (Campaign/Fundraising)	Yes		Yes	
c. United Way of America dues	Yes		Yes	
d. Other support services as performed	N/A	No other support services noted.	N/A	No other support services noted.
9 Total amounts on the statement of functional expenses must tie/reconcile to amounts presented on the statement of activities.	Yes		Yes	

UNITED WAY OF TUCSON AND SOUTHERN ARIZONA, INC.
EXHIBIT D - UWA FINANCIAL STATEMENT STANDARDS

UWA requirement per Implementation Requirements for Membership Standard "H" (Financial Statement Standards)	FY 2009 Audited financial statements		FY 2008 Audited financial statements	
	Yes/No	Comments	Yes/No	Comments
10 Amounts assessed/withheld/paid for pledge/designation processing/transfer will be included under support services on the statement of activities and set forth in the expense line item "contract services" under Fundraising (Campaign) on the statement of functional expense.	N/A	No outside services used.	N/A	No outside services used.
11 Gross agency funding (including gross donor designations) will be displayed on the statement of activities. Gross donor designations must then be displayed as a (contra) expense to gross agency allocation/funding item in that program area, thereby reversing this amount prior to totaling expenses. a. Similar detail is required on the statement of functional expenses (SFE)	Yes No	This is not shown on the SFE.	Yes No	This is not shown on the SFE.
12 Payments to state and local organizations will be spread across all program and support service areas utilizing the same internal pro-ration utilized to allocate indirect costs on both the statement of activities and statement of functional expense.	N/A	No required payments to state and local organizations.	N/A	No required payments to state and local organizations.
13 Payments to United Way of America will be set forth as a separate line item on the Statement of Activities.	Yes		Yes	
14 The method for allocating indirect expenses will be based upon the distribution of staff time unless an alternate methodology for specific expense produces a more documentably accurate spread.	Yes	Based on function of staff time.	Yes	Based on function of staff time.
15 A minimum two-year reporting format for total amounts on each statement should be used, unless extenuating circumstances of a one-time nature exists (change of fiscal year, etc.).	Yes		Yes	
16 Statement of Cash Flows is required. The format will be dependent upon the content of the other financial statements. For this statement, the content is more important than the format.	Yes		Yes	
17 Notes to financial statements should include the following disclosures (note that several of the following are required by FASB & GAAP and thus are not optional):				
a. Legal name of the organization, date of founding/incorporation.	Yes	Included in Note 1	Yes	Included in Note 1
b. Mission statement	Yes	Included in Note 1	Yes	Included in Note 1
c. IRS 501(c)(3) tax exempt status	Yes	Included in Note 1	Yes	Included in Note 1
d. Governance by volunteer board of directors	Yes	Included in Note 1	Yes	Included in Note 1
e. All significant accounting policies	Yes	Included in Note 1	Yes	Included in Note 1
f. Accrual basis of accounting	No	Note 1 does not disclose this	No	Note 1 does not disclose this
g. Identification and description of each fund	No	Note 1 does not disclose this	No	Note 1 does not disclose this
h. Identification and description of each program service	No	Note 1 does not disclose this	No	Note 1 does not disclose this

UNITED WAY OF TUCSON AND SOUTHERN ARIZONA, INC.
EXHIBIT D - UWA FINANCIAL STATEMENT STANDARDS

UWA requirement per Implementation Requirements for Membership Standard "H" (Financial Statement Standards)	FY 2009 Audited financial statements		FY 2008 Audited financial statements	
	Yes/No	Comments	Yes/No	Comments
i. Method of distributing/allocating costs (functional expenses)	Yes	Included in Note 1	Yes	Included in Note 1
j. Method of computing depreciation	Yes	Included in Note 1	Yes	Included in Note 1
k. Display of pledge, designation, and provision for uncollectible data, if not displayed discreetly by year within the body of the financial statements	No	Not reported discreetly by year in statements or in Note 3	No	Not reported discreetly by year in statements or in Note 3
l. Disclosure of method of computing provision for uncollectible (basis, gross or net, etc.)	Yes	Included in Note 1	Yes	Included in Note 1
m. Identification and description of donated materials/services, including agent transactions on behalf of other organizations if appropriate	Yes	Note 19	Yes	Note 16
n. Identification of long-term liabilities (Pensions, land/building, etc.)	Yes	Notes 7, 9 and 10 Notes 21 and 22, however, Note 1 should also include uninsured	Yes	Notes 7, 9 and 10 Notes 19 and 20, however, Note 1 should also include uninsured
o. Statement of risk	Yes	cash balances	Yes	cash balances
p. Related party transactions	Yes	Note 23	Yes	Note 21
q. Governmental campaign details	No	Not included in footnotes	No	Not included in footnotes
r. Pledge of organizational commitment to comply with UWA Cost Deduction Standards	Yes	Included in Note 1	Yes	Included in Note 1
18 A management letter must be requested annually. Should a management letter not be warranted, a letter to that effect must be obtained.	No	No management letter received, nothing in writing obtained	Yes	Management letter received

SPECIFIC MINIMUM CONTENT REQUIRED IN SAMPLE STATEMENTS:

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET):

1 Unappropriated (available for operations) unrestricted net assets to be displayed on face of statement.	No	Included in Note 12 but supposed to be on statement	No	Included in Note 11 but supposed to be on statement
2 Board appropriated (designated) can be displayed or detail given in footnote.	Yes	Note 12	Yes	Note 11

STATEMENT OF ACTIVITIES (INCOME STATEMENT):

1 Campaign results to be displayed discreetly by year.	No	Not displayed discreetly by year Loss shown in expenses rather than revenues	No	Not displayed discreetly by year
2 Investment income (loss) shown in revenue.	No	Allocations and grants shown separately from program expenses (community impact and office rental expense to nonprofits)	Yes	Allocations and grants shown separately from program expenses (community impact and office rental expense to nonprofits)
3 Program services shown to include net funds awarded/distributed (allocations and grants).	No		No	

STATEMENT OF FUNCTIONAL EXPENSES:

1 Net allocations/awards (allocations and grants) to be reported in statement under program services.	No	Allocations and grants are shown only in the statement of activities	No	Allocations and grants are shown only in the statement of activities
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**UNITED WAY OF TUCSON AND SOUTHERN ARIZONA
EXHIBIT E – PROCUREMENT POLICY ANALYSIS FOR THE
YEARS ENDED JUNE 30, 2009 AND 2008**

Procedures

1. Obtained the check registers for fiscal years ended June 30, 2009 and 2008.
2. Obtained the UWTSA Purchasing Policy approved March 4, 2007.
3. Sorted and subtotaled payments by vendor and selected all payments to vendors over \$20,000 in each year that was not grants and/or distributions to charitable organizations.
4. Obtained existing contracts (noting signatures on contracts) and supporting invoices for each vendor selected.
5. Requested bid documentation and support for volunteer approval, if any. If none, requested Dan Duncan to provide text as to why no bids/support were obtained.
6. Discussed potential conflicts of interest with senior staff (Ed Parker, Dan Duncan) and former CFO Nancy Schlegel.
7. Prepared a schedule showing results of vendors over \$20,000.
8. Additionally, reviewed specific contracts and support for two vendors who were less than \$20,000: Monsoon Marketing and

Findings/Recommendations

1. The Purchasing Policy as currently written is unclear as to the following:
 - a. The frequency of requiring formal bids (i.e., seek bids every 3 years for contracts over \$20,000) (Paragraph 2b)
 - b. Retention requirements for bid documents and contracts (how long and where must the bid documents/contracts be kept).
 - c. What constitutes volunteer approval, such as whether an appropriate committee can approve bids/contracts for their areas (i.e., IT vendors approved by the IT committee) (Paragraph 2b)
 - d. For those contracts expected to be between \$2,000 and \$20,000, what specific documentation must be attached to the contract. (Paragraph 2c)
 - e. Potential exceptions to the policy, such as setting up a list of approved consultants for various grant proposals that can be written into the proposals without volunteer approval each time.

Recommend that the Board develop a task force to review and recommend revisions to the Purchasing Policy. Also recommend that retention of bid documents be added to the Records Retention Policy.

2. Per the schedule at E-3, for the 24 vendors paid over \$20,000 during the years ended June 30, 2009 and 2008, the current Purchasing Policy was not followed by staff in most cases. The only bid documents retained were health and dental services as attached to the Human Resources committee minutes. Many contracts were also older than the current fiscal years. Recommend that staff follow the Purchasing Policy, both as currently written and if revised, with communication to the Board and/or its standing committees for exceptions needed.

**UNITED WAY OF TUCSON AND SOUTHERN ARIZONA
EXHIBIT E – PROCUREMENT POLICY ANALYSIS FOR THE
YEARS ENDED JUNE 30, 2009 AND 2008, continued**

3. Printing materials were represented by staff to be bid out by the printing job rather than as an annual contract, although no documentation was kept to support this. Since this is more than is required by the current Purchasing Policy, recommend bidding for at least annual contracts with printers (for non-union jobs) to reduce staff time.

4. For the Monsoon Marketing contract (with payments of \$16,764 in the year ended June 30, 2008 only), although there was an inherent conflict of interest in the owner's relationship to an officer of the Board, it appears that UWTSA did seek bids, interview the principal candidates and select Monsoon as the most qualified candidate. In addition, this conflict was fully disclosed in both the financial statements for the year ended June 30, 2008 and to the IRS in its Form 990 Information Return for the same period in accordance with the Conflict of Interest Policy. Recommend that the Board review its conflict of interest policy to address the following:
 - a. To determine if a specific prohibition be mandated of entering into contracts with any related for-profit vendors due to the potential negative publicity based on appearance alone
 - b. That procedures be implemented to effectively identify, track and monitor all payments on behalf of related parties (all UWTSA volunteers and staff)

5. Noted no observable conflicts or improper documentation with

UNITED WAY OF TUCSON AND SOUTHERN ARIZONA
EXHIBIT E - PROCUREMENT POLICY ANALYSIS FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

Vendor Name	Total Amount Paid in FY09	Total Amount Paid in FY08	Description of services received	Written Contract	Bid documents	Volunteer Approval	Signed by	Conflict, if known
	0.00	23,922.32	Printing materials	No - Note 1				None
	80,295.00	85,295.00	Annual Campaign Production Agrmt	Yes	No - Note 7	No	Ed Parker	None
	51,648.72	101,456.80	TL2\$ asset purchases program	No - Note 2				None
	0.00	20,800.00	Medical assessments	Yes	No - Note 8	No	Ed Parker	None
	22,290.00	0.00	ACAAs arizona self help website	Yes	No - Note 16	No	Ed Parker	None
	31,100.00	29,400.00	Audit and tax services	Yes	No	Yes	Unkown	None
	197,056.83	170,419.34	health insurance	No	Yes	Yes		None
	0.00	30,000.00	Extended Life Options Publication	Yes	No	No	Ed Parker	None
	25,085.14	8,490.11	printing and campaign materials	No - Note 1				None
	46,678.51	47,279.76	CRM Consulting services	No, Note 10				None
	0.00	22,008.40	Technical Assistance - AEEF Grant	No - Note 9				None
	98,369.58	92,218.58	Computer labor - rainbow support	No, Note 11				None
	20,330.80	19,907.18	Design and graphic services	No - Notes 1&15				None
	5,381.25	31,158.85	CCF-CEY grant technical assistance	Yes	No - Note 8	No	Ed Parker	None
	112,493.17	110,128.76	Research and evaluation services	No - Note 3				None
	30,000.00	30,000.00	Lobbying	No - Note 6				None
	21,157.20	17,573.43	Dental insurance	No	Yes	Yes		None
	0.00	29,172.71	Temporary staffing	No- Note 17				None
	86,606.46	64,986.61	PHN Nurse consultant	Yes	No - Note 8	No	Ed Parker	None
	0.00	83,291.53	Training services and equipment	Yes	No - Note 12	No	Ed Parker	None
	103,181.29	25,000.00	Deposit for FTF Summit	Yes	No - Note 13	No	Dan Duncan	None
	2,469.54	22,528.64	AZ compassion services	Yes	No - Note 12	No	Ed Parker	None
	0.00	33,885.40	2007 Chevy Tahoe	Yes	Yes	Note 5	Ed Parker	None
	69,526.09	51,182.76	printing materials	No- Note 14				None

Note 1 - Per discussion with Joy Holt, these printing services are bid out "by job" and no consideration is given when the total might exceed \$20,000 annually.

Note 2 - Agreement dated 2006 only, nothing more current. ***"Part of the IDA savings program"***.

Note 3 - Few contracts noted. ***"Approved as part of our regular budget approval process."*** Detail of vendors not approved by Board.

Note 4 - Although this vendor invoiced for services related to many different UWTSAs projects, only saw 1 small contract only for EITC program for \$4,200.

Note 5 - ***"Vehicle was approved as part of CEO's employment agreement"***.

Note 6 - No agreement since 1996. ***"Approved as part of our regular budget approval process."*** Detail of vendors not approved by Board.

Note 7 - ***"This contract is not subject to the bid process since it is a partnership agreement"***. No exemption noted in policy.

Note 8 - ***"We have a number of consultants that we use based on area of expertise."*** No exemption noted in policy.

Note 9 - ***"Since the contract met the AEEF grant requirements, we did not believe it required volunteer approval."***

Note 10 - ***"Partnership with UIWA, we had no choice in the consultant. CRM initiative Board approved as part of our SGM effort."***

Note 11 - ***"Not bid since 2002. Contract renegotiated in October 2009, IT committee approved it then."*** 2009 contract signed by Dan Duncan.

Note 12 - ***"Part of our federal grant and we were required to use their services."*** No exemption noted in policy.

Note 13 - ***"FTF (state) asked us to be fiscal agent for the conference. FTF did the bids to select the conference center."***

Note 14 - ***"Under our policies we are required to use a union printer for large jobs. Wholesale is only union printer with capacity for jobs."***

Note 15 - Upon being told that Cirrus was given the "bid", an email came from Hollis saying that they weren't given an opportunity to bid for the leadership book even though they'd done it several times in years past.

Note 16 - Contract dated May 1, 2007. ***"This was a key component of the Ford Foundation supporting work grant"***.

Note 17 - ***"We use a number of temp agencies as needed; therefore, not placed out to bid and no volunteer approval is required."***

Quotes in bold italics are from text by and/or discussion with Dan Duncan, Sr. VP
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