

**United Way  
of Greater Greensboro, Inc.**

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**Financial Statements**  
Years Ended June 30, 2010 and 2009



**SMITH LEONARD**  
Accountants & Consultants



**United Way  
of Greater Greensboro, Inc.**

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**Financial Statements**  
Years Ended June 30, 2010 and 2009

# United Way of Greater Greensboro, Inc.

## 2009/2010 Officers and Board of Directors

### Officers

|                        |   |                                       |
|------------------------|---|---------------------------------------|
| John Cross             | - | Chair of the Board                    |
| Sue W. Cole            | - | Vice Chair and Secretary of the Board |
| Keith E. Barsuhn       | - | President                             |
| Charles Flynt          | - | Immediate Past Chair                  |
| Mike Bumpass           | - | Campaign Chair                        |
| Otis Wilson            | - | Chair – Community Investment          |
| Susan L. Williams      | - | Chair – Human Resources Committee     |
| Kathi Lester           | - | Chair – Marketing and Communications  |
| Jeff Burgess           | - | Treasurer                             |
| Jennifer L. J. Koenig  | - | Legal Counsel                         |
| Darby Henley           | - | Major Gifts                           |
| Cecelia Foy-Dorsett    | - | African American Leadership           |
| Michelle Gethers-Clark | - | At Large Executive Board Member       |
| Sue D. White           | - | At Large Executive Board Member       |

### Board of Directors

|                          |                       |
|--------------------------|-----------------------|
| Keith E. Barsuhn         | Joyce Gorham-Worsley  |
| Dr. Linda P. Brady       | Darby Henley          |
| Dr. Janice G. Brewington | Randall R. Kaplan     |
| Tina Akers Brown         | Ed Kitchen            |
| Mike Bumpass             | Jennifer L. J. Koenig |
| Jeff Burgess             | Kathi Lester          |
| Reverend Odell Cleveland | Paul Mason            |
| Sanders Cockman          | M.L. McAllister       |
| Sue W. Cole              | Bobby Mendez          |
| Mary Wood Copeland       | Ronald S. Milstein    |
| John Cross               | Pressley A. Ridgill   |
| J. Nathan Duggins III    | Robin A. Saul         |
| Mona G. Edwards          | Judy Schanel          |
| Monte Edwards            | Laurie Weaver         |
| Charles Flynt            | Sue D. White          |
| Cecelia Foy-Dorsett      | Susan L. Williams     |
| Kim Gatling              | Otis Wilson           |
| Michelle Gethers-Clark   | Dr. Terry Worrell     |
|                          | Kristen Yntema        |

# United Way of Greater Greensboro, Inc.

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## **Independent Auditors' Report**

Board of Directors and Officers  
United Way of Greater Greensboro, Inc.  
Greensboro, North Carolina

We have audited the accompanying statements of financial position of United Way of Greater Greensboro, Inc. as of June 30, 2010 and 2009, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 the Organization'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 management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Greater Greensboro, Inc. as of June 30, 2010 and 2009, and its changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Smith Leonard PLLC*

October 7, 2010

# United Way of Greater Greensboro, Inc.

## Statements of Financial Position

June 30, 2010 and 2009

|   | 2010                 | 2009                 |
|---|----------------------|----------------------|
| <b>Assets</b>   |                      |                      |
| Cash and cash equivalents                                     | \$ 230,901           | \$ 342,250           |
| Pledges receivable, net                                       | 3,892,462            | 4,507,622            |
| Other receivables   | 365,128              | 408,954              |
| Prepaid expenses  | 29,075               | 81,188               |
| Investments   | 6,601,477            | 6,332,316            |
| Beneficial interest in foundation assets                      | 1,802,155            | 1,624,477            |
| Cash surrender value of life insurance (\$500,000 face value) | 114,893              | 114,009              |
| Land, buildings and equipment, net                            | 1,001,574            | 989,325              |
| <b>Total assets</b>   | <b>\$ 14,037,665</b> | <b>\$ 14,400,141</b> |
| <b>Liabilities and Net Assets</b>                             |                      |                      |
| Accounts payable  | \$ 57,680            | \$ 79,649            |
| Accrued expenses  | 50,879               | 69,818               |
| Allocations and designations payable                          | 7,437,427            | 8,110,065            |
| <b>Total liabilities</b>                                      | <b>7,545,986</b>     | <b>8,259,532</b>     |
| <b>Commitments</b>  |                      |                      |
| <b>Net Assets:</b>  |                      |                      |
| Unrestricted:   |                      |                      |
| Unappropriated  | 3,358,443            | 3,004,346            |
| Board appropriated  | 784,004              | 932,897              |
| Temporarily restricted  | 1,343,201            | 1,197,335            |
| Permanently restricted  | 1,006,031            | 1,006,031            |
| <b>Total net assets</b>                                       | <b>6,491,679</b>     | <b>6,140,609</b>     |
| <b>Total liabilities and net assets</b>                       | <b>\$ 14,037,665</b> | <b>\$ 14,400,141</b> |

*See accompanying summary of significant accounting policies and notes to financial statements.*

|  | Unrestricted        | Temporarily<br>Restricted |
|--|---------------------|---------------------------|
| <b>Support and revenue</b>                             |                     |                           |
| Gross campaign results                                 | \$ 10,618,162       | \$ 248,327                |
| Less donor designation                                 | (2,731,797)         | -                         |
| Less provision for uncollectible                       | (421,969)           | -                         |
| Net current campaign revenue                           | 7,464,396           | 248,327                   |
| Contributions received – prior campaign                | 29,437              | -                         |
| Contributions received – future campaign               | -                   | 347,337                   |
| Net campaign revenue                                   | 7,493,833           | 595,664                   |
| Net income on investments                              | 344,962             | 8,546                     |
| Net income on beneficial interest in foundation assets | 22,576              | 194,535                   |
| Designations – other community campaigns               | 227,492             | -                         |
| Grant and gift revenue                                 | 1,151               | 54,679                    |
| Other revenue  | 227,860             | -                         |
| Net assets released from restrictions                  | 707,558             | (707,558)                 |
| <b>Total support and revenue</b>                       | <b>9,025,432</b>    | <b>145,866</b>            |
| <b>Functional expenses</b>                             |                     |                           |
| Allocations and grants                                 | 6,186,354           | -                         |
| Other community programs                               | 743,049             | -                         |
| Administration   | 829,517             | -                         |
| Fund development                                       | 1,061,308           | -                         |
| <b>Total functional expenses</b>                       | <b>8,820,228</b>    | <b>-</b>                  |
| <b>Change in net assets</b>                            | <b>205,204</b>      | <b>145,866</b>            |
| <b>Net assets, beginning of year</b>                   | <b>3,937,243</b>    | <b>1,197,335</b>          |
| <b>Net assets, end of year</b>                         | <b>\$ 4,142,447</b> | <b>\$ 1,343,201</b>       |

# United Way of Greater Greensboro, Inc.

## Statement of Activities

Year Ended June 30, 2010

| Permanently<br>Restricted | Total         |
|---------------------------|---------------|
| \$ -                      | \$ 10,866,489 |
| -                         | (2,731,797)   |
| -                         | (421,969)     |
| -                         | 7,712,723     |
| -                         | 29,437        |
| -                         | 347,337       |
| -                         | 8,089,497     |
| -                         | 353,508       |
| -                         | 217,111       |
| -                         | 227,492       |
| -                         | 55,830        |
| -                         | 227,860       |
| -                         | -             |
| -                         | 9,171,298     |
| -                         | 6,186,354     |
| -                         | 743,049       |
| -                         | 829,517       |
| -                         | 1,061,308     |
| -                         | 8,820,228     |
| -                         | 351,070       |
| 1,006,031                 | 6,140,609     |
| \$ 1,006,031              | \$ 6,491,679  |

*See accompanying summary of significant accounting policies and notes to financial statements.*

|   | Unrestricted        | Temporarily<br>Restricted |
|---|---------------------|---------------------------|
| <b>Support and revenue</b>                              |                     |                           |
| Gross campaign results                                  | \$ 11,652,751       | \$ 100,000                |
| Less donor designation                                  | (3,150,667)         | -                         |
| Less provision for uncollectible                        | (414,650)           | -                         |
| Net current campaign revenue                            | 8,087,434           | 100,000                   |
| Contributions received – prior campaign                 | 195,580             | -                         |
| Contributions received – future campaign                | -                   | 328,475                   |
| Net campaign revenue                                    | 8,283,014           | 428,475                   |
| Net loss on investments                                 | (312,197)           | (11,735)                  |
| Net loss on beneficial interest in foundation assets    | (35,483)            | (242,487)                 |
| Designations – other community campaigns                | 385,127             | -                         |
| Grant and gift revenue                                  | 71,300              | 364,789                   |
| Other revenue   | 178,128             | -                         |
| Net assets released from restrictions                   | 1,036,579           | (1,036,579)               |
| <b>Total support and revenue</b>                        | <b>9,606,468</b>    | <b>(497,537)</b>          |
| <b>Functional expenses</b>                              |                     |                           |
| Allocations and grants                                  | 7,038,792           | -                         |
| Other community programs                                | 1,002,141           | -                         |
| Administration  | 948,217             | -                         |
| Fund development  | 1,364,897           | -                         |
| <b>Total functional expenses</b>                        | <b>10,354,047</b>   | <b>-</b>                  |
| <b>Change in net assets</b>                             | <b>(747,579)</b>    | <b>(497,537)</b>          |
| Reclassification related to implementation of FSP 117-1 | (647,557)           | 644,260                   |
| <b>Net assets, beginning of year</b>                    | <b>5,332,379</b>    | <b>1,050,612</b>          |
| <b>Net assets, end of year</b>                          | <b>\$ 3,937,243</b> | <b>\$ 1,197,335</b>       |

# United Way of Greater Greensboro, Inc.

## Statement of Activities

Year Ended June 30, 2009

| Permanently<br>Restricted | Total               |
|---------------------------|---------------------|
| \$ -                      | \$ 11,752,751       |
| -                         | (3,150,667)         |
| -                         | (414,650)           |
| -                         | 8,187,434           |
| -                         | 195,580             |
| -                         | 328,475             |
| -                         | 8,711,489           |
| -                         | (323,932)           |
| -                         | (277,970)           |
| -                         | 385,127             |
| -                         | 436,089             |
| -                         | 178,128             |
| -                         | -                   |
| -                         | 9,108,931           |
| -                         | 7,038,792           |
| -                         | 1,002,141           |
| -                         | 948,217             |
| -                         | 1,364,897           |
| -                         | 10,354,047          |
| -                         | (1,245,116)         |
| 3,297                     | -                   |
| 1,002,734                 | 7,385,725           |
| <u>\$ 1,006,031</u>       | <u>\$ 6,140,609</u> |

See accompanying summary of significant accounting policies and notes to financial statements.

# United Way of Greater Greensboro, Inc.

## Statements of Cash Flows

Years Ended June 30, 2010 and 2009

|   | 2010              | 2009              |
|---|-------------------|-------------------|
| <b>Cash flows from operating activities</b>   |                   |                   |
| Change in net assets  | \$ 351,070        | \$(1,245,116)     |
| Adjustments to reconcile change in net assets to net cash used in operating activities: |                   |                   |
| Provision for uncollectible pledges   | 421,969           | 414,650           |
| Depreciation  | 79,876            | 64,724            |
| Increase in cash surrender value of life insurance                                      | (884)             | (1,033)           |
| Net loss (gain) on investments including change in beneficial interest                  | (569,735)         | 602,935           |
| Changes in assets and liabilities:  |                   |                   |
| Pledges receivable  | 193,191           | 29,164            |
| Other receivables   | 43,826            | 181,595           |
| Prepaid expenses  | 52,113            | (58,313)          |
| Accounts payable and accrued expenses   | (40,908)          | 33,717            |
| Allocations and designations payable  | (672,638)         | (423,324)         |
| <b>Net cash used in operating activities</b>  | <b>(142,120)</b>  | <b>(401,001)</b>  |
| <b>Cash flows from investing activities</b>   |                   |                   |
| Purchase of investments   | (2,094,633)       | (2,070,637)       |
| Proceeds from sale of investments   | 2,178,096         | 2,209,877         |
| Investments in endowment  | (40,549)          | (137,860)         |
| Cash payment from foundation for beneficial interest                                    | 79,982            | 75,666            |
| Purchase of furniture and equipment   | (98,125)          | (90,382)          |
| Proceeds from sale of equipment   | 6,000             | -                 |
| <b>Net cash provided by (used in) investing activities</b>                              | <b>30,771</b>     | <b>(13,336)</b>   |
| <b>Net change in cash and cash equivalents</b>  | <b>(111,349)</b>  | <b>(414,337)</b>  |
| <b>Cash and cash equivalents, beginning of year</b>                                     | <b>342,250</b>    | <b>756,587</b>    |
| <b>Cash and cash equivalents, end of year</b>   | <b>\$ 230,901</b> | <b>\$ 342,250</b> |

See accompanying summary of significant accounting policies and notes to financial statements.

|  | Program Services          |                                | Total               |
|--|---------------------------|--------------------------------|---------------------|
|  | Allocations<br>and Grants | Other<br>Community<br>Programs |                     |
| Allocations and awards                   | \$ 8,581,603              | \$ 572,588                     | \$ 9,154,191        |
| Less donor designations                  | (2,731,797)               | -                              | (2,731,797)         |
| <b>Discretionary allocations</b>         | <b>5,849,806</b>          | <b>572,588</b>                 | <b>6,422,394</b>    |
| Salaries and contracted labor            | 231,891                   | 107,935                        | 339,826             |
| Employee benefits                        | 28,408                    | 11,549                         | 39,957              |
| Payroll taxes                            | 18,126                    | 7,494                          | 25,620              |
| <b>Total salaries and related costs</b>  | <b>278,425</b>            | <b>126,978</b>                 | <b>405,403</b>      |
| Support of state and national United Way | 21,212                    | 13,636                         | 34,848              |
| Fund raising materials and events        | 2,821                     | 5,886                          | 8,707               |
| Printing, publications and advertising   | 131                       | 268                            | 399                 |
| Occupancy                                | 8,043                     | 5,170                          | 13,213              |
| Postage and shipping                     | 105                       | 195                            | 300                 |
| Professional fees                        | 1,546                     | 994                            | 2,540               |
| Telephone and internet service           | 6,155                     | 3,456                          | 9,611               |
| Rental and maintenance of equipment      | 4,546                     | 2,922                          | 7,468               |
| Staff development                        | 428                       | 292                            | 720                 |
| Local meetings                           | 204                       | 261                            | 465                 |
| Travel                                   | 542                       | 1,123                          | 1,665               |
| Membership dues and subscriptions        | 729                       | 2,022                          | 2,751               |
| Depreciation                             | 11,183                    | 7,189                          | 18,372              |
| Miscellaneous                            | 478                       | 69                             | 547                 |
| <b>Total other expenses</b>              | <b>58,123</b>             | <b>43,483</b>                  | <b>101,606</b>      |
| <b>Total functional expenses</b>         | <b>\$ 6,186,354</b>       | <b>\$ 743,049</b>              | <b>\$ 6,929,403</b> |

# United Way of Greater Greensboro, Inc.

## Statement of Functional Expenses

Year Ended June 30, 2010

| Support Services |                  |              |              |
|------------------|------------------|--------------|--------------|
| Administration   | Fund Development | Total        | Total        |
| \$ -             | \$ -             | \$ -         | \$ 9,154,191 |
| -                | -                | -            | (2,731,797)  |
| -                | -                | -            | 6,422,394    |
| 527,824          | 632,531          | 1,160,355    | 1,500,181    |
| 47,298           | 54,806           | 102,104      | 142,061      |
| 33,529           | 49,157           | 82,686       | 108,306      |
| 608,651          | 736,494          | 1,345,145    | 1,750,548    |
| 34,849           | 81,819           | 116,668      | 151,516      |
| 19,769           | 73,843           | 93,612       | 102,319      |
| 267              | 27,780           | 28,047       | 28,446       |
| 13,214           | 31,023           | 44,237       | 57,450       |
| 4,099            | 6,502            | 10,601       | 10,901       |
| 101,255          | 5,963            | 107,218      | 109,758      |
| 8,374            | 25,026           | 33,400       | 43,011       |
| 7,469            | 17,535           | 25,004       | 32,472       |
| 3,486            | 1,796            | 5,282        | 6,002        |
| 482              | 1,293            | 1,775        | 2,240        |
| 1,988            | 7,916            | 9,904        | 11,569       |
| 2,272            | 1,179            | 3,451        | 6,202        |
| 18,371           | 43,133           | 61,504       | 79,876       |
| 4,971            | 6                | 4,977        | 5,524        |
| 220,866          | 324,814          | 545,680      | 647,286      |
| \$ 829,517       | \$ 1,061,308     | \$ 1,890,825 | \$ 8,820,228 |

See accompanying summary of significant accounting policies and notes to financial statements.

|  | Program Services          |                                | Total         |
|--|---------------------------|--------------------------------|---------------|
|  | Allocations<br>and Grants | Other<br>Community<br>Programs |               |
| Allocations and awards                   | \$ 9,851,359              | \$ 857,990                     | \$ 10,709,349 |
| Less donor designations                  | (3,150,667)               | -                              | (3,150,667)   |
| <b>Discretionary allocations</b>         | 6,700,692                 | 857,990                        | 7,558,682     |
| Salaries and contracted labor            | 215,485                   | 85,535                         | 301,020       |
| Employee benefits                        | 32,380                    | 12,140                         | 44,520        |
| Payroll taxes                            | 17,455                    | 6,628                          | 24,083        |
| <b>Total salaries and related costs</b>  | 265,320                   | 104,303                        | 369,623       |
| Support of state and national United Way | 26,684                    | 11,236                         | 37,920        |
| Fund raising materials and events        | 2,409                     | 1,378                          | 3,787         |
| Printing, publications and advertising   | 1,432                     | 234                            | 1,666         |
| Occupancy                                | 12,510                    | 5,267                          | 17,777        |
| Postage and shipping                     | 495                       | 260                            | 755           |
| Professional fees                        | 1,482                     | 624                            | 2,106         |
| Telephone and internet service           | 6,161                     | 2,594                          | 8,755         |
| Rental and maintenance of equipment      | 5,208                     | 2,193                          | 7,401         |
| Staff development                        | 4,658                     | 1,025                          | 5,683         |
| Local meetings                           | 390                       | 160                            | 550           |
| Travel                                   | 918                       | 2,634                          | 3,552         |
| Membership dues and subscriptions        | 163                       | 7,921                          | 8,084         |
| Depreciation                             | 10,248                    | 4,315                          | 14,563        |
| Miscellaneous                            | 22                        | 7                              | 29            |
| <b>Total other expenses</b>              | 72,780                    | 39,848                         | 112,628       |
| <b>Total functional expenses</b>         | \$ 7,038,792              | \$ 1,002,141                   | \$ 8,040,933  |

# United Way of Greater Greensboro, Inc.

## Statement of Functional Expenses

Year Ended June 30, 2009

| Support Services |              |              |              |              |
|------------------|--------------|--------------|--------------|--------------|
| Administration   | Fund         |              | Total        | Total        |
|                  | Development  |              |              |              |
| \$ -             | \$ -         | \$ -         | \$ -         | \$10,709,349 |
| -                | -            | -            | -            | (3,150,667)  |
| -                | -            | -            | -            | 7,558,682    |
| 618,683          | 733,791      | 1,352,474    | 1,653,494    |              |
| 70,603           | 103,149      | 173,752      | 218,272      |              |
| 44,249           | 54,276       | 98,525       | 122,608      |              |
| 733,535          | 891,216      | 1,624,751    | 1,994,374    |              |
| 35,392           | 95,222       | 130,614      | 168,534      |              |
| 17,428           | 139,241      | 156,669      | 160,456      |              |
| 998              | 75,524       | 76,522       | 78,188       |              |
| 16,592           | 44,640       | 61,232       | 79,009       |              |
| 3,770            | 10,261       | 14,031       | 14,786       |              |
| 91,639           | 5,289        | 96,928       | 99,034       |              |
| 8,172            | 23,606       | 31,778       | 40,533       |              |
| 6,907            | 18,583       | 25,490       | 32,891       |              |
| 4,816            | 5,249        | 10,065       | 15,748       |              |
| 1,133            | 1,335        | 2,468        | 3,018        |              |
| 5,833            | 15,728       | 21,561       | 25,113       |              |
| 3,433            | 2,226        | 5,659        | 13,743       |              |
| 13,592           | 36,569       | 50,161       | 64,724       |              |
| 4,977            | 208          | 5,185        | 5,214        |              |
| 214,682          | 473,681      | 688,363      | 800,991      |              |
| \$ 948,217       | \$ 1,364,897 | \$ 2,313,114 | \$10,354,047 |              |

See accompanying summary of significant accounting policies and notes to financial statements.

# United Way of Greater Greensboro, Inc.

## Summary of Significant Accounting Policies

### **Organization**

United Way of Greater Greensboro, Inc. (the “Organization”) is a nonprofit corporation with a mission to build a strong community by making caring count through fostering cooperation among local, state and national agencies serving the community, developing the financial resources needed to meet the human service needs of the community and distributing financial support to agencies organized to provide those community services.

Annual campaigns are conducted in the fall of each year to support programs primarily in the allocation period which spans from July to June of each subsequent year. Donors may designate their pledges among several focus areas, agencies or geographic locations of their choice.

The Organization is committed to comply with the United Way Worldwide Cost Deduction Standards.

**Programs** – The United Way of Greater Greensboro’s Thriving at Three Initiative community collaboration (“TAT”) has taken a focused, collaborative, and community-centered approach in its support of early childhood development and enhancement. This approach will create opportunities to promote the benefits of early learning, to provide skills that will improve the attachment between parents and children, to focus on early literacy, and to provide parents with tools to assist with school readiness. The Thriving at Three Public Awareness and Education Grant will support the TAT Plan by providing resources and materials, a strategic media and awareness campaign, a TAT website, and opportunities for volunteer engagement.

# United Way of Greater Greensboro, Inc.

## Summary of Significant Accounting Policies

### Organization (Concluded)

Voices Choices Greensboro's Human Services Study was a community wide collaborative effort to gain insights to more fully understand Greensboro's human service needs, engage key community stakeholders and ensure the most effective plan of action for community improvement. United Way led a steering committee that included private foundations, government and business leaders, neighborhood associations and minority leaders. The comprehensive review included conducting focus groups, community forums and personal surveys, along with the review of community data and trends. After reviewing and analyzing all data, four issues were determined most critical and could be influenced by the community in 2010 and beyond. The four issues selected were:

- Financial stability of individuals and families
- Access to comprehensive healthcare services
- Successful school experiences for every child
- Nurturing children and youth for positive development

### Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Unrestricted net assets – net assets that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets – net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or passage of time.
- Permanently restricted net assets – net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all of or part of the income earned on related investments for general or specified purposes.

# United Way of Greater Greensboro, Inc.

## Summary of Significant Accounting Policies

### **Basis of Presentation (Concluded)**

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Expirations of temporary restrictions (i.e. the donor-imposed stipulation has been fulfilled and/or the stipulation time period has elapsed) are reported as net assets released from restrictions on the statement of activities.

### **Pledges Receivable**

Campaign pledge contributions receivable are generally paid within one year after the fiscal year-end. Allowances for uncollectible pledges are provided at the end of each campaign based on the Organization's collection history. The allowances are adjusted at the end of each year to reflect management's current estimates of collectability, and applied at 7.0% and 8.0% as of June 30, 2010 and 2009, respectively.

The ability of the Organization's contributors to continue giving amounts comparable with prior years is dependent upon current and future economic conditions and the continued deductibility for income tax purposes of contributions to the Organization. While the Organization's Board of Directors believes the Organization has the resources to continue its programs, its ability to do so and the extent to which it continues, may be dependent on the above factors.

### **Contributions**

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value on the date of the gift.

The Organization records the estimated fair value of cash or other financial assets received from donors in which the Organization is the beneficial owner but not the legal owner.

The Organization periodically manages the distribution of non-financial assets or receives non-financial assets for distribution to other nonprofit entities. The Organization does not recognize an asset or revenue for the non-financial assets received nor liabilities or expenses for assets distributed under these arrangements.

# United Way of Greater Greensboro, Inc.

## Summary of Significant Accounting Policies

### Allocations and Awards

The Organization allocates campaign funds annually to agencies serving the community. These allocations are recognized as liabilities at the time the commitments to pay them are made. In order to be eligible for the funds, these agencies must measure their results and achieve certain program outcomes that meet United Way objectives. In 2009, additional allocation expense amounting to \$262,291 related to a 2008 contingent award was recorded.

### Functional Allocation of Expenses

The costs of providing various programs are categorized on a functional basis. The majority of expenses generally can be directly identified with the program or supporting services to which they relate and are charged accordingly. Other expenses by function have been allocated among functions based on time and other studies which are performed on a periodic basis. The Organization categorizes these costs as follows:

Allocation and Grants: Activities related to agency relations and allocation processes.

Other Community Programs: Activities related to community issues.

Administration: Activities that are important to the Organization's existence, but do not fit into any other functions.

Fund Development: Activities related to appeals for financial support, such as workplace campaigns, managed campaigns and leadership events.

### Concentration of Risk

Pledges receivable are primarily from individuals, businesses, or nonprofit foundations in the Greensboro and surrounding areas. Concentration of credit risk is limited due to the large number of donors comprising the Organization's donor base. As a result, at June 30, 2010 and 2009, the Organization does not consider itself to have a significant concentration of credit risk with respect to pledges receivable.

At various times throughout the year, the Organization may have cash balances in financial institutions which exceed the amounts which are federally insured.

# United Way of Greater Greensboro, Inc.

## Summary of Significant Accounting Policies

### **Investments**

Investments are recorded at fair value. Gains and losses are reported as increases or decreases in unrestricted net assets in the statement of activities unless their use is restricted by explicit donor stipulations or law, in which case they are reported as increases or decreases in temporarily or permanently restricted net assets in the statement of activities depending upon the type of restriction. For funds managed by the Organization, the Organization's policy is to pool excess funds in investments which provide a greater expected return than bank savings accounts. Certain of the Organization's funds are managed by the Community Foundation of Greater Greensboro, Inc. (see Notes 3 and 5).

The Organization's investments are subject to market risk and are not federally insured. The Organization's investments do not have a significant concentration of credit risk within any industry, geographic location, or specific institution.

### **Donated Services**

No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance, campaign solicitations and various committee assignments.

### **Property, Equipment and Depreciation**

Property and equipment acquired before January 1, 1970 are carried at their estimated original cost or donated value, net of accumulated depreciation. All subsequent additions which exceed \$500 are carried at cost, net of accumulated depreciation. Depreciation is computed over the estimated useful lives of the buildings and equipment on the straight-line method over lives which range from 3 to 40 years.

### **Long-Lived Assets**

Long-lived assets, such as property and equipment are evaluated for impairment when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable through the estimated undiscounted future cash flows from the use of the assets. When any such impairment exists, the related assets will be written down to fair value. No impairment charges were recorded for the years ended June 30, 2010 and 2009, respectively.

# United Way of Greater Greensboro, Inc.

## Summary of Significant Accounting Policies

### Fair Value of Financial Instruments

The carrying amount of cash, pledges receivable and accounts and allocations and designations payable approximates fair value because of the short maturity of those instruments.

Assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The following are the assets and liabilities measured at fair value as of June 30, 2010:

|  | Level 1     | Level 2 | Level 3 | Total       |
|--|-------------|---------|---------|-------------|
| Investments                              | \$6,601,477 | \$ -    | \$ -    | \$6,601,477 |
| Beneficial interest in foundation assets | 1,802,155   | -       | -       | 1,802,155   |
|  | \$8,403,632 | \$ -    | \$ -    | \$8,403,632 |

The following are the assets and liabilities measured at fair value as of June 30, 2009:

|  | Level 1     | Level 2 | Level 3 | Total       |
|--|-------------|---------|---------|-------------|
| Investments                              | \$6,332,316 | \$ -    | \$ -    | \$6,332,316 |
| Beneficial interest in foundation assets | 1,624,477   | -       | -       | 1,624,477   |
|  | \$7,956,793 | \$ -    | \$ -    | \$7,956,793 |

**Cash and Cash Equivalents** For purposes of the statements of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

# United Way of Greater Greensboro, Inc.

## Summary of Significant Accounting Policies

### 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. The Organization has made various estimates including those related to the allowance for uncollectible pledges (see Note 6).

### Income Taxes

The Organization is exempt from income taxes to the extent provided under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the accompanying financial statements.

The Organization adopted the standards on uncertainty in income taxes included in Accounting Standards Codification, Topic 740, "Income Taxes" (ASC 740), on July 1, 2009. Any differences between the tax benefit recognized in the financial statements for a tax position, and the tax benefit claimed in the tax return is referred to as an unrecognized tax benefit. The adoption of these standards did not have any impact on the Organization's financial statements, as the Organization did not have any unrecognized tax positions during the fiscal year ended June 30, 2010. The Organization would recognize interest accrued related to unrecognized benefits in tax expense.

Tax years for fiscal years ending in 2007 through 2010 remain subject to examination by federal authorities.

### Comparative Financial Statements

Certain 2009 amounts have been reclassified to conform to the 2010 presentation. These reclassifications did not impact change in net assets or total net assets previously reported.

### Subsequent Events

Management has evaluated events occurring subsequent to the balance sheet date through October 7, 2010, the date that the financial statements were available to be issued determining no events require adjustment to or additional disclosure in the financial statements.

# United Way of Greater Greensboro, Inc.

## Notes to Financial Statements

### 1. Land, Buildings and Equipment

Land, buildings and equipment consist of the following:

| <i>June 30,</i>                    | <b>2010</b>        | 2009       |
|------------------------------------|--------------------|------------|
| Land and improvements              | \$ 220,812         | \$ 220,812 |
| Buildings and improvements         | <b>1,189,685</b>   | 1,183,182  |
| Furniture and equipment            | <b>617,891</b>     | 703,191    |
|                                    | <b>2,028,388</b>   | 2,107,185  |
| Less accumulated depreciation      | <b>1,026,814</b>   | 1,117,860  |
| Land, buildings and equipment, net | <b>\$1,001,574</b> | \$ 989,325 |

### 2. Investments

Investments, at fair value, consist of the following:

| <i>June 30,</i>   | <b>2010</b>        | 2009        |
|---|--------------------|-------------|
| Money market funds, at cost which approximates fair value                                   | \$ 254,485         | \$2,741,150 |
| Other mutual funds (cost of \$920,396 and \$658,362, respectively)                          | <b>897,588</b>     | 505,870     |
| Corporate bonds and U.S. Treasury notes (cost of \$3,860,597 and \$2,060,604, respectively) | <b>3,924,782</b>   | 2,103,650   |
| Common stock (cost of \$1,471,623 and \$1,024,966, respectively)                            | <b>1,442,506</b>   | 981,646     |
| Other investments (cost of \$84,107 and \$0, respectively)                                  | <b>82,116</b>      | -           |
| Totals  | <b>\$6,601,477</b> | \$6,332,316 |

Investment income (loss) including the return on amounts held by the Foundation (see Note 3) consisted of the following:

| <i>Year ended June 30, 2010</i>           | <u>Investment Directed By</u> |                   | Total             |
|---|-------------------------------|-------------------|-------------------|
|   | Foundation                    | Organization      |                   |
| Interest and dividends                    | \$ 29,314                     | \$ 183,242        | \$ 212,556        |
| Gain on investments carried at fair value | 187,797                       | 170,266           | 358,063           |
|   | <b>\$ 217,111</b>             | <b>\$ 353,508</b> | <b>\$ 570,619</b> |

# United Way of Greater Greensboro, Inc.

## Notes to Financial Statements

### 2. Investments (Concluded)

| <i>Year ended June 30, 2009</i>           | <u>Investment Directed By</u> |                     | Total               |
|---|-------------------------------|---------------------|---------------------|
|   | Foundation                    | Organization        |                     |
| Interest and dividends                    | \$ 33,462                     | \$ 194,664          | \$ 228,126          |
| Loss on investments carried at fair value | (311,432)                     | (518,596)           | (830,028)           |
|   | <u>\$ (277,970)</u>           | <u>\$ (323,932)</u> | <u>\$ (601,902)</u> |

### 3. Beneficial Interest in Foundation Assets

The Organization is the beneficial owner, but not the legal owner of the net assets of the United Way of Greater Greensboro Foundation (the "Foundation"), which is administered by the Community Foundation of Greater Greensboro, Inc. The Organization controls the composition of the Board of the Foundation and can, prior to dissolution or other termination of the Foundation, withdraw all or a portion of the original amount transferred, any appreciation on those transferred assets, or both. In the event of the dissolution or other termination of the Foundation, any net assets remaining shall be transferred to the Community Foundation of Greater Greensboro, Inc. The beneficial interest is valued at the estimated fair value of the underlying assets held by the Foundation. Beneficial interest in foundation assets was \$1,802,155 and \$1,624,477 at June 30, 2010 and 2009, respectively.

### 4. Restricted Net Assets

Temporarily restricted net assets consist of or are available for the following purposes:

| <i>June 30,</i>                                 | <b>2010</b>         | 2009                |
|---|---------------------|---------------------|
| Contributions received for next year's campaign | \$ 347,337          | \$ 328,475          |
| Thriving at Three Educational Grant             | 255,791             | 257,803             |
| Focusing On What Matters Collaboration          | 2,802               | 45,000              |
| Growth in donor-restricted endowment funds      | 425,781             | 325,479             |
| Neil Belenky Endowment                          | 212,760             | 195,578             |
| Chronic Homelessness Administration             | -                   | 45,000              |
| Operation Greensboro Cares                      | 2,030               | -                   |
| Latino Professional Forum                       | 22,400              | -                   |
| Legacy Society Growth and Development           | 64,300              | -                   |
| 211 Expansion Plan                              | 10,000              | -                   |
|   | <u>\$ 1,343,201</u> | <u>\$ 1,197,335</u> |

# United Way of Greater Greensboro, Inc.

## Notes to Financial Statements

4. **Restricted Net Assets (Concluded)** Permanently restricted net assets consist of or are available for the following purposes:

| <i>June 30,</i>               | <b>2010</b>         | 2009         |
|-------------------------------|---------------------|--------------|
| Herman Cone Endowment         | \$ 408,602          | \$ 408,602   |
| Joseph Bryan Endowment        | 500,000             | 500,000      |
| Jeanette Cone Trust           | 50,000              | 50,000       |
| Lawrence Cohen Emergency Fund | 47,429              | 47,429       |
|                               | <b>\$ 1,006,031</b> | \$ 1,006,031 |

5. **Endowment Funds** The Organization's endowments are invested with the Community Foundation of Greater Greensboro, Inc. (see Note 3) or in managed accounts with other trustees at the discretion of the Board of Directors. Its endowments include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date absent explicit donor stipulations to the contrary. 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 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 Board of Directors in a manner consistent with the standard of prudence prescribed by UPMIFA.

# United Way of Greater Greensboro, Inc.

## Notes to Financial Statements

### 5. Endowment Funds (Continued)

At June 30, 2010, endowment net assets by type of fund comprised:

|                                     | Unrestricted | Temporarily<br>Restricted | Permanently<br>Restricted | Total        |
|-------------------------------------|--------------|---------------------------|---------------------------|--------------|
| Board-designated<br>endowment funds | \$ 239,795   | \$ -                      | \$ -                      | \$ 239,795   |
| Donor-restricted<br>endowment funds | (5,243)      | 638,541                   | 1,006,031                 | 1,639,329    |
|                                     | \$ 234,552   | \$ 638,541                | \$ 1,006,031              | \$ 1,879,124 |

The following summarizes changes in endowment net assets for the year ended June 30, 2010:

|   | Unrestricted | Temporarily<br>Restricted | Permanently<br>Restricted | Total        |
|---|--------------|---------------------------|---------------------------|--------------|
| Endowment net assets,<br>beginning of year          | \$ 209,587   | \$ 480,557                | \$ 1,006,031              | \$ 1,696,175 |
| Investment return:                                  |              |                           |                           |              |
| Investment income                                   | 8,888        | 25,983                    |                           | 34,871       |
| Net change in value<br>(realized and<br>unrealized) | 25,405       | 164,648                   | -                         | 190,053      |
| Total investment return                             | 34,293       | 190,631                   |                           | 224,924      |
| Contributions and transfers in                      | -            | 40,549                    | -                         | 40,549       |
| Appropriation of<br>endowment assets                | (9,328)      | (73,196)                  | -                         | (82,524)     |
| Endowment net<br>assets, end of year                | \$ 234,552   | \$ 638,541                | \$ 1,006,031              | \$ 1,879,124 |

# United Way of Greater Greensboro, Inc.

## Notes to Financial Statements

### 5. Endowment Funds (Continued)

At June 30, 2009, endowment net assets by type of fund comprised:

|                                     | Unrestricted | Temporarily<br>Restricted | Permanently<br>Restricted | Total        |
|-------------------------------------|--------------|---------------------------|---------------------------|--------------|
| Board-designated<br>endowment funds | \$ 219,784   | \$ -                      | \$ -                      | \$ 219,784   |
| Donor-restricted<br>endowment funds | (10,197)     | 480,557                   | 1,006,031                 | 1,476,391    |
|                                     | \$ 209,587   | \$ 480,557                | \$ 1,006,031              | \$ 1,696,175 |

The following summarizes changes in endowment net assets for the year ended June 30, 2009:

|   | Unrestricted | Temporarily<br>Restricted | Permanently<br>Restricted | Total        |
|---|--------------|---------------------------|---------------------------|--------------|
| Endowment net assets,<br>beginning of year                                | \$ 836,166   | \$ 88,089                 | \$ 1,002,734              | \$ 1,926,989 |
| Investment return:  |              |                           |                           |              |
| Investment income   | 4,078        | 31,155                    | -                         | 35,233       |
| Net change in value<br>(realized and<br>unrealized)                       | (38,815)     | (286,123)                 | -                         | (324,938)    |
| Total investment return   | (34,737)     | (254,968)                 | -                         | (289,705)    |
| Contributions and transfers in  | 55,715       | 76,895                    | -                         | 132,610      |
| Appropriation of<br>endowment assets                                      | -            | (73,719)                  | -                         | (73,719)     |
| Change in net asset<br>classification –<br>implementation of<br>FSP 117-1 | (647,557)    | 644,260                   | 3,297                     | -            |
| Endowment net<br>assets, end of year                                      | \$ 209,587   | \$ 480,557                | \$ 1,006,031              | \$ 1,696,175 |

The following endowment funds are categorized as temporarily restricted:

| <i>June 30,</i>                  | <b>2010</b> | 2009       |
|----------------------------------|-------------|------------|
| Neil Belenky Endowment           | \$ 212,760  | \$ 155,078 |
| Growth in donor-restricted funds | 425,781     | 325,479    |
|                                  | \$ 638,541  | \$ 480,557 |

# United Way of Greater Greensboro, Inc.

## Notes to Financial Statements

### 5. Endowment Funds (Concluded)

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 UPMIFA requires the organization to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets are \$5,243 as of June 30, 2010 and \$10,197 as of June 30, 2009. These deficiencies resulted from unfavorable market fluctuations.

As approved by the Board of Directors, the majority of the Organization's endowments are invested in the Foundation. Investment and spending policies attempt to achieve a total return, through appreciation and income, greater than the rate of inflation. To achieve this in the long-term, the majority of assets are invested in equity or equity-like securities.

The Organization annually determines an endowment payout percentage based upon a spending policy that considers both the needs of Organization in carrying out its charitable purposes and the objective to maintain the purchasing power of the endowment assets held in perpetuity. This payout percentage is then applied to the average fair values of the endowment funds over the preceding twelve quarters to determine the endowment distributions to be received by the Organization. A distribution of 4.5% was received for both 2010 and 2009.

### 6. Pledges Receivable and Allowances for Uncollectible Pledges

Pledges receivable and the related allowances for uncollectible pledges are as follows:

| <i>June 30,</i>                               | <b>2010</b>         | 2009         |
|---|---------------------|--------------|
| Pledges receivable from current year campaign | <b>\$ 4,678,465</b> | \$ 5,451,222 |
| Pledges receivable for future campaigns       | <b>1,390</b>        | 600          |
| Allowance for uncollectible pledges           | <b>(787,393)</b>    | (944,200)    |
| <b>Total</b>                                  | <b>\$ 3,892,462</b> | \$ 4,507,622 |

# United Way of Greater Greensboro, Inc.

## Notes to Financial Statements

6. **Pledges Receivable and Allowances for Uncollectible Pledges (Concluded)**
- The net charges to expense for uncollectible pledges consists of the following:
- | <i>Year ended June 30,</i>   | <b>2010</b>       | 2009       |
|--|-------------------|------------|
| Initial reserve (7% of campaign pledges in 2010 and 8% in 2009)                              | <b>\$ 787,393</b> | \$ 956,129 |
| Write-offs from prior years' campaigns, net of collections of amounts previously written-off | <b>(365,424)</b>  | (541,479)  |
|  | <b>\$ 421,969</b> | \$ 414,650 |
7. **Retirement Plans**
- The Organization previously sponsored a defined contribution plan covering substantially all employees. Contributions on behalf of eligible employees were made at 9% of compensation. In addition, eligible employees had the option of making contributions to a tax deferred annuity plan. The Organization did not make contributions to the tax deferred annuity plan in 2010 or 2009.
- Beginning April 1, 2009, the Organization adopted a 403(b) Thrift Plan and discontinued the other two retirement plans. Under this new plan, the Organization contributes a base contribution equal to 3% of compensation. In addition, the Organization makes a matching contribution equal to the lesser of 50% of the salary reduction amount the employee is contributing or 3% of compensation.
- Retirement plan contributions by the Organization amounted to approximately \$54,000 and \$105,000 during 2010 and 2009, respectively.
8. **Governmental Campaigns**
- The Organization manages Federal and other governmental campaigns. Pledge donations recognized from these campaigns and included in gross campaign results amounted to \$990,714 and \$1,176,236 for 2010 and 2009, respectively. Management fees earned in 2010 and 2009 were \$101,735 and \$88,477 and are included in other revenue.

# United Way of Greater Greensboro, Inc.

## Notes to Financial Statements

### 9. **Recent Accounting Pronouncements**

In June 2009, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Codification (“ASC”) Topic 105 “Generally Accepted Accounting Principles,” which establishes the ASC as the single source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with generally accepted accounting principles (“GAAP”). The subsequent issuances of new standards will be in the form of Accounting Standards Updates that will be included in the codification. This guidance is effective for financial statements issued for periods ending after September 15, 2009. The 2010 financial statements include updated historical U.S. GAAP references to comply with the codification. The adoption of this guidance did not have a material effect on the Organization’s financial position, results of operations or cash flows, since the codification is not intended to change U.S. GAAP.