

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

Financial Statements
Years Ended June 30, 2013 and 2012



SMITH LEONARD
Accountants & Consultants



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

Financial Statements
Years Ended June 30, 2013 and 2012

United Way of Greater Greensboro, Inc.

2012/2013 Officers and Board of Directors

Officers

Sue W. Cole	-	Chair of the Board
Judith A. Schanel	-	Vice Chair of the Board
John M. Cross	-	Secretary of the Board
Michelle Gethers-Clark	-	President
Terry W. Simon	-	Treasurer
M. Daniel McGinn	-	Legal Counsel

Board of Directors

Dr. Linda T. Adams	Dr. Samantha Magill
Keith E. Barsuhn	Michael C. Mahoney
Dr. Linda P. Brady	Dr. Harold L. Martin
Dr. Janice G. Brewington	M. Daniel McGinn
Tina Akers Brown	Richard Newman
Pete Callahan	Brad Rable
Reverend C. Odell Cleveland	Pressley A. Ridgill
A. Sanders Cockman	John E. Riley
Sue W. Cole	Dr. Edward A. Robinson
Mary Wood Copeland	Judith A. Schanel
John M. Cross	Martin S. Schneider
Mona G. Edwards	Robert J. Sherwood
Cecelia T. Foy	Susan F. Shumaker
Kimberly B. Gatling	Terry W. Simon
Michelle Gethers-Clark	Aaron Strasser
Regina Howard Glaspie	Sapna Tejpal
Bill Hoffman	Sue D. White
Murray S. Kessler	Dr. Terry Worrell
Kathi Lester	Benjamin Zuraw

United Way of Greater Greensboro, Inc.

Contents

Independent Auditors' Report	4-5
Financial Statements	
Statements of financial position	6
Statement of activities – year ended June 30, 2013 with summarized information for 2012	7
Statement of activities – year ended June 30, 2012	8
Statements of cash flows	9
Statement of functional expenses – year ended June 30, 2013	10
Statement of functional expenses – year ended June 30, 2012	11
Summary of significant accounting policies	12-17
Notes to financial statements	18-24



Independent Auditors' Report

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

We have audited the accompanying financial statements of United Way of Greater Greensboro, Inc., which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related summary of significant accounting policies and notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Smith Leonard PLLC

High Point, North Carolina
October 1, 2013

Certified Public Accountants

United Way of Greater Greensboro, Inc.

Statements of Financial Position

June 30, 2013 and 2012

	2013	2012
Assets		
Cash and cash equivalents	\$ 492,668	\$ 223,564
Pledges receivable, net	4,852,702	3,833,571
Other receivables	274,809	277,156
Prepaid expenses	21,825	18,550
Investments	7,630,729	7,718,842
Beneficial interest in foundation assets	2,152,065	1,975,938
Cash surrender value of life insurance (\$800,000 face value)	119,064	112,700
Land, buildings and equipment, net	918,886	955,552
Total assets	\$ 16,462,748	\$ 15,115,873
Liabilities and Net Assets		
Accounts payable	\$ 111,235	\$ 76,291
Accrued expenses	43,604	55,698
Allocations and designations payable	7,783,306	6,927,730
Total liabilities	7,938,145	7,059,719
Commitments		
Net Assets:		
Unrestricted:		
Unappropriated	4,862,414	4,483,186
Board appropriated	614,032	707,333
Temporarily restricted	2,042,126	1,859,604
Permanently restricted	1,006,031	1,006,031
Total net assets	8,524,603	8,056,154
Total liabilities and net assets	\$ 16,462,748	\$ 15,115,873

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

United Way of Greater Greensboro, Inc.

Statement of Activities

Year Ended June 30, 2013

With Summarized Information for 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2013	Total 2012
Support and revenue					
Gross campaign results	\$ 9,293,167	\$ 402,771	\$ -	\$ 9,695,938	\$ 10,191,870
Less donor designations	(2,998,300)	-	-	(2,998,300)	(2,243,961)
Less provision for uncollectible	(278,506)	-	-	(278,506)	(202,319)
Net current campaign revenue	6,016,361	402,771	-	6,419,132	7,745,590
Campaign revenue – prior campaign	1,285	-	-	1,285	44,017
Campaign revenue – future campaign, net	-	1,421,284	-	1,421,284	455,826
Net campaign revenue	6,017,646	1,824,055	-	7,841,701	8,245,433
Net income from investments	507,671	5,661	-	513,332	110,967
Net income (loss) from beneficial interest in foundation assets	34,645	221,364	-	256,009	(68,623)
Designations – other community campaigns	244,861	-	-	244,861	231,008
Grant and gift revenue	-	26,215	-	26,215	75,300
Other revenue	99,230	-	-	99,230	77,799
Net assets released from restrictions	1,894,773	(1,894,773)	-	-	-
Total support and revenue	8,798,826	182,522	-	8,981,348	8,671,884
Functional expenses					
Allocations and grants	5,707,616	-	-	5,707,616	5,804,295
Other community programs	921,673	-	-	921,673	689,779
Administration	1,093,353	-	-	1,093,353	1,087,383
Fund development	790,257	-	-	790,257	717,908
Total functional expenses	8,512,899	-	-	8,512,899	8,299,365
Change in net assets	285,927	182,522	-	468,449	372,519
Net assets, beginning of year	5,190,519	1,859,604	1,006,031	8,056,154	7,683,635
Net assets, end of year	\$ 5,476,446	\$ 2,042,126	\$ 1,006,031	\$ 8,524,603	\$ 8,056,154

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

United Way of Greater Greensboro, Inc.

Statement of Activities

Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and revenue				
Gross campaign results	\$ 9,734,911	\$ 456,959	\$ -	\$ 10,191,870
Less donor designations	(2,243,961)	-	-	(2,243,961)
Less provision for uncollectible	(202,319)	-	-	(202,319)
Net current campaign revenue	7,288,631	456,959	-	7,745,590
Campaign revenue – prior campaign	44,017	-	-	44,017
Campaign revenue – future campaign, net	-	455,826	-	455,826
Net campaign revenue	7,332,648	912,785	-	8,245,433
Net income from investments	110,967	-	-	110,967
Net loss from beneficial interest in foundation assets	(8,888)	(59,735)	-	(68,623)
Designations – other community campaigns	231,008	-	-	231,008
Grant and gift revenue	75,300	-	-	75,300
Other revenue	77,799	-	-	77,799
Net assets released from restrictions	587,054	(587,054)	-	-
Total support and revenue	8,405,888	265,996	-	8,671,884
Functional expenses				
Allocations and grants	5,804,295	-	-	5,804,295
Other community programs	689,779	-	-	689,779
Administration	1,087,383	-	-	1,087,383
Fund development	717,908	-	-	717,908
Total functional expenses	8,299,365	-	-	8,299,365
Change in net assets	106,523	265,996	-	372,519
Net assets, beginning of year	5,083,996	1,593,608	1,006,031	7,683,635
Net assets, end of year	\$ 5,190,519	\$ 1,859,604	\$ 1,006,031	\$ 8,056,154

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, 2013 and 2012

	2013	2012
Cash flows from operating activities		
Change in net assets	\$ 468,449	\$ 372,519
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Provision for uncollectible pledges	344,797	221,369
Depreciation	81,435	92,878
Gain on disposal of fixed assets	(4,733)	-
Net gain on investments including change in beneficial interest	(769,341)	(42,344)
Changes in assets and liabilities:		
Pledges receivable	(1,363,928)	(427,805)
Other receivables	2,347	32,918
Prepaid expenses	(3,275)	6,233
Accounts payable and accrued expenses	22,850	(14,305)
Allocations and designations payable	855,576	(470,894)
Net cash used in operating activities	(365,823)	(229,431)
Cash flows from investing activities		
Purchase of investments	(6,094,087)	(8,287,876)
Proceeds from sale of investments	6,689,168	8,382,383
Payment from foundation	79,882	74,505
Purchase of furniture and equipment	(52,036)	(114,034)
Proceeds from sale of fixed assets	12,000	-
Net cash provided by investing activities	634,927	54,978
Net change in cash and cash equivalents	269,104	(174,453)
Cash and cash equivalents, beginning of year	223,564	398,017
Cash and cash equivalents, end of year	\$ 492,668	\$ 223,564

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

	Program Services		Total
	Allocations and Grants	Other Community Programs	
Allocations and awards	\$ 8,609,494	\$ 395,987	\$ 9,005,481
Less donor designations	(2,998,300)	-	(2,998,300)
Discretionary allocations	5,611,194	395,987	6,007,181
Salaries and contracted labor	66,637	312,415	379,052
Employee benefits	6,338	28,338	34,676
Payroll taxes	4,687	22,022	26,709
Total salaries and related costs	77,662	362,775	440,437
Support of state and national United Way	6,224	28,686	34,910
Fund raising materials and events	1,082	9,242	10,324
Printing, publications and advertising	268	71,289	71,557
Occupancy	2,846	13,116	15,962
Postage and shipping	91	569	660
Professional fees	656	3,024	3,680
Telephone and internet service	1,187	5,335	6,522
Rental and maintenance of equipment	870	4,008	4,878
Staff development	1,145	5,206	6,351
Local meetings	72	335	407
Travel	383	1,894	2,277
Membership dues and subscriptions	190	756	946
Sponsorship	-	2,187	2,187
Depreciation	3,746	17,264	21,010
Miscellaneous	-	-	-
Total other expenses	18,760	162,911	181,671
Total functional expenses	\$ 5,707,616	\$ 921,673	\$ 6,629,289

United Way of Greater Greensboro, Inc.

Statement of Functional Expenses

Year Ended June 30, 2013

Support Services			
Administration	Fund Development	Total	Total
\$ -	\$ -	\$ -	\$ 9,005,481
-	-	-	(2,998,300)
-	-	-	6,007,181
633,543	505,725	1,139,268	1,518,320
55,118	38,331	93,449	128,125
48,743	35,295	84,038	110,747
737,404	579,351	1,316,755	1,757,192
52,365	48,036	100,401	135,311
30,084	55,069	85,153	95,477
4,767	11,675	16,442	87,999
23,944	21,964	45,908	61,870
3,190	3,287	6,477	7,137
167,402	5,063	172,465	176,145
10,423	10,498	20,921	27,443
7,316	7,661	14,977	19,855
13,556	5,710	19,266	25,617
122	209	331	738
2,756	6,108	8,864	11,141
2,924	717	3,641	4,587
-	-	-	2,187
31,515	28,909	60,424	81,434
5,585	6,000	11,585	11,585
355,949	210,906	566,855	748,526
\$ 1,093,353	\$ 790,257	\$ 1,883,610	\$ 8,512,899

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

	Program Services		Total
	Allocations and Grants	Other Community Programs	
Allocations and awards	\$ 7,912,281	\$ 258,281	\$ 8,170,562
Less donor designations	(2,243,961)	-	(2,243,961)
Discretionary allocations	5,668,320	258,281	5,926,601
Salaries and contracted labor	88,804	264,563	353,367
Employee benefits	9,553	26,611	36,164
Payroll taxes	6,615	19,822	26,437
Total salaries and related costs	104,972	310,996	415,968
Support of state and national United Way	9,710	29,131	38,841
Fund raising materials and events	3,007	20,481	23,488
Printing, publications and advertising	673	8,915	9,588
Occupancy	4,964	14,895	19,859
Postage and shipping	102	778	880
Professional fees	1,132	3,396	4,528
Telephone and internet service	1,801	5,732	7,533
Rental and maintenance of equipment	1,210	3,630	4,840
Staff development	1,273	2,938	4,211
Local meetings	19	156	175
Travel	491	2,226	2,717
Membership dues and subscriptions	120	405	525
Sponsorship	-	8,315	8,315
Depreciation	6,501	19,504	26,005
Miscellaneous	-	-	-
Total other expenses	31,003	120,502	151,505
Total functional expenses	\$ 5,804,295	\$ 689,779	\$ 6,494,074

United Way of Greater Greensboro, Inc.

Statement of Functional Expenses

Year Ended June 30, 2012

Support Services			
Administration	Fund Development	Total	Total
\$ -	\$ -	\$ -	\$ 8,170,562
-	-	-	(2,243,961)
-	-	-	5,926,601
667,242	434,122	1,101,364	1,454,731
68,662	38,810	107,472	143,636
52,620	33,037	85,657	112,094
788,524	505,969	1,294,493	1,710,461
54,100	45,777	99,877	138,718
39,681	56,826	96,507	119,995
4,060	8,844	12,904	22,492
27,660	23,422	51,082	70,941
4,102	2,904	7,006	7,886
100,563	5,336	105,899	110,427
10,107	10,588	20,695	28,228
6,742	12,115	18,857	23,697
4,703	2,267	6,970	11,181
210	530	740	915
3,391	5,754	9,145	11,862
2,516	926	3,442	3,967
-	-	-	8,315
36,222	30,650	66,872	92,877
4,802	6,000	10,802	10,802
298,859	211,939	510,798	662,303
\$ 1,087,383	\$ 717,908	\$ 1,805,291	\$ 8,299,365

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 (the “Organization”) is a nonprofit organization that creates relevant solutions to the community's most critical issues so that everyone has opportunities for a better quality of life. Through community partnerships, the Organization helps children and young people to succeed in school and in life, offers financial stability for individuals and families, and empowers all to lead a healthy life. The Organization works with community partners to identify Greater Greensboro’s most critical human service needs then implement solutions that create measurable change. The Organization mobilizes and unites passion, expertise and resources in the community and invests in effective programs to achieve these solutions and improve lives daily.

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.

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.

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. The Organization has made various estimates including those related to the allowance for uncollectible pledges. Actual results could differ from those and other estimates.

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.

Contributions and Pledges Receivable

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.

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.

United Way of Greater Greensboro, Inc.

Summary of Significant Accounting Policies

Contributions and Pledges Receivable (Concluded) 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.

Concentration of Risk Pledges receivable are primarily from individuals, businesses, or nonprofit foundations in Greensboro and surrounding areas. Generally, a concentration of credit risk is limited due to the large number of donors comprising the Organization's donor base. However, at June 30, 2013, a single donor comprised \$1,000,000 of gross pledges receivable.

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

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 that provide moderate to high income with moderate emphasis on long-term growth. Certain of the Organization's funds are managed by the Community Foundation of Greater Greensboro, Inc. (see Notes 3 and 4) as part of its Long-Term Pool. The Community Foundation of Greater Greensboro, Inc.'s primary performance objective for investments in its Long-Term Pool is to achieve a total return, net of fees, in excess of spending and inflation rates, as defined by the Consumer Price Index.

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.

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, 2013:

	Level 1	Level 2	Level 3	Total
Investments	\$7,630,729	\$ -	\$ -	\$7,630,729
Beneficial interest in foundation assets	1,919,642	-	232,423	2,152,065
	<u>\$9,550,371</u>	<u>\$ -</u>	<u>\$ 232,423</u>	<u>\$9,782,794</u>

The following are the assets and liabilities measured at fair value as of June 30, 2012:

	Level 1	Level 2	Level 3	Total
Investments	\$7,718,842	\$ -	\$ -	\$7,718,842
Beneficial interest in foundation assets	1,717,090	-	258,848	1,975,938
	<u>\$9,435,932</u>	<u>\$ -</u>	<u>\$ 258,848</u>	<u>\$9,694,780</u>

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 that 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 that range from 3 to 40 years.

United Way of Greater Greensboro, Inc.

Summary of Significant Accounting Policies

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 in 2013 and 2012.
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.
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.
Functional Allocation of Expenses	<p>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:</p> <p>Allocation and Grants: Activities related to agency relations and allocation processes.</p> <p>Other Community Programs: Activities related to community issues.</p> <p>Administration: Activities that are important to the Organization's existence, but do not fit into any other functions.</p> <p>Fund Development: Activities related to appeals for financial support, such as workplace campaigns, managed campaigns and leadership events.</p>

United Way of Greater Greensboro, Inc.

Summary of Significant Accounting Policies

Income Taxes

The Organization is exempt from income taxes on related income as an organization described under Section 501(c)(3) of the Internal Revenue Code. No unrelated business taxable income has been identified by management. Accordingly, no provision for income taxes is included in the accompanying financial statements.

It is the Organization's policy to evaluate all tax positions and to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a "more-likely-than-not" threshold to determine if the tax position is uncertain and what, if any, the effect of the uncertain tax position may have on the financial statements. No material uncertain tax positions were identified for 2013 and 2012. Currently, the statute of limitations remains open subsequent to and including fiscal 2010; however, no examinations are in process.

Comparative Financial Statements

Certain 2012 amounts have been classified to conform to the 2013 presentation. These reclassifications had no effect on previously reported changes in net assets.

Subsequent Events

Management has evaluated events occurring subsequent to the balance sheet date through October 1, 2013, 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. Pledges Receivable and Allowances for Uncollectible Pledges

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

<i>June 30,</i>	2013	2012
Pledges receivable from current year campaign	\$ 4,319,880	\$4,248,144
Pledges receivable for future campaigns	1,049,230	68,127
Allowance for uncollectible pledges	(516,408)	(482,700)
Total	\$ 4,852,702	\$3,833,571

The net charges to expense for uncollectible pledges consists of the following:

<i>Year ended June 30,</i>	2013	2012
Initial reserve (4.5% of campaign pledges in 2013 and 2012)	\$ 501,993	\$ 473,445
Write-offs from prior years' campaigns, net of collections of amounts previously written-off	(157,196)	(252,076)
	\$ 344,797	\$ 221,369

Included in the statements of activities as follows:

<i>Year ended June 30,</i>	2013	2012
Unrestricted (current and past campaigns)	\$ 278,506	\$ 202,319
Temporarily restricted (future campaign)	66,291	19,050
	\$ 344,797	\$ 221,369

United Way of Greater Greensboro, Inc.

Notes to Financial Statements

2. Investments

Investments, at fair value, consist of the following:

<u>June 30,</u>	<u>2013</u>	<u>2012</u>
Money market funds, at cost which approximates fair value	\$ 102,194	\$ 258,967
Other mutual funds (cost of \$660,678 and \$469,538)	649,373	474,222
Corporate bonds and U.S. Treasury notes (cost of \$4,254,744 and \$4,316,832)	4,145,837	4,335,549
Common stock (cost of \$2,570,909 and \$2,718,257)	2,733,325	2,650,104
Totals	\$7,630,729	\$7,718,842

Investment income including the return on amounts held by the Foundation (see Notes 3 and 4) consisted of the following:

<u>Year ended June 30, 2013</u>	<u>Investment Directed By</u>		<u>Total</u>
	<u>Foundation</u>	<u>Organization</u>	
Interest and dividends	\$ 45,690	\$ 265,113	\$ 310,803
Gain on investments carried at fair value	210,319	248,219	458,538
	\$ 256,009	\$ 513,332	\$ 769,341

<u>Year ended June 30, 2012</u>	<u>Investment Directed By</u>		<u>Total</u>
	<u>Foundation</u>	<u>Organization</u>	
Interest and dividends	\$ 42,915	\$ 262,687	\$ 305,602
Loss on investments carried at fair value	(111,538)	(151,720)	(263,258)
	\$ (68,623)	\$ 110,967	\$ 42,344

3. Endowment Funds

The Organization's endowments are invested with the Community Foundation of Greater Greensboro, Inc. (see Note 4) 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.

United Way of Greater Greensboro, Inc.

Notes to Financial Statements

3. Endowment Funds (Continued)

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 fair value of assets associated with individual donor-restricted endowment funds may fall below the level classified as permanently restricted. Deficiencies of this nature that are reported in unrestricted net assets amounted to \$0 as of June 30, 2013 and 2012. 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.

The Organization annually determines an endowment payout percentage based upon a spending policy that considers both the needs of the 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 4.25% was received for 2013 and 2012.

United Way of Greater Greensboro, Inc.

Notes to Financial Statements

3. Endowment Funds (Continued)

At June 30, 2013, endowment net assets by type of fund comprised:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated endowment funds	\$ 292,728	\$ -	\$ -	\$ 292,728
Donor-restricted endowment funds	-	943,156	1,006,031	1,949,187
	\$ 292,728	\$ 943,156	\$ 1,006,031	\$ 2,241,915

The following summarizes changes in endowment net assets for the year ended June 30, 2013:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 266,807	\$ 788,451	\$ 1,006,031	\$ 2,061,289
Investment return:				
Investment income	6,138	42,135	-	48,273
Net change in value (realized and unrealized)	28,507	184,848	-	213,355
Total investment return	34,645	226,983	-	261,628
Appropriation of endowment assets	(8,724)	(72,278)	-	(81,002)
Endowment net assets, end of year	\$ 292,728	\$ 943,156	\$ 1,006,031	\$ 2,241,915

United Way of Greater Greensboro, Inc.

Notes to Financial Statements

3. Endowment Funds (Concluded)

At June 30, 2012, endowment net assets by type of fund comprised:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-designated endowment funds	\$ 266,807	\$ -	\$ -	\$ 266,807
Donor-restricted endowment funds	-	788,451	1,006,031	1,794,482
	\$ 266,807	\$ 788,451	\$ 1,006,031	\$ 2,061,289

The following summarizes changes in endowment net assets for the year ended June 30, 2012:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 282,680	\$ 919,659	\$ 1,006,031	\$ 2,208,370
Investment return:				
Investment income	5,703	38,910	-	44,613
Net change in value (realized and unrealized)	(14,584)	(99,431)	-	(114,015)
Total investment return	(8,881)	(60,521)	-	(69,402)
Contributions and transfers in	85	-	-	85
Appropriation of endowment assets	(7,077)	(70,687)	-	(77,764)
Endowment net assets, end of year	\$ 266,807	\$ 788,451	\$ 1,006,031	\$ 2,061,289

The following endowment funds are categorized as temporarily restricted:

<i>June 30,</i>	2013	2012
Neil Belenky Endowment	\$ 257,309	\$ 236,509
Growth in donor-restricted funds	685,847	551,942
	\$ 943,156	\$ 788,451

United Way of Greater Greensboro, Inc.

Notes to Financial Statements

4. **Beneficial Interest in Foundation Assets** The Organization is the beneficial owner of certain funds invested with 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 and was \$2,152,065 and \$1,975,938 at June 30, 2013 and 2012.

5. **Land, Buildings and Equipment** Land, buildings and equipment consist of the following:

<i>June 30,</i>	2013	2012
Land and improvements	\$ 220,812	\$ 220,812
Buildings and improvements	1,192,535	1,192,535
Furniture and equipment	665,051	642,369
	2,078,398	2,055,716
Less accumulated depreciation	1,159,512	1,100,164
Land, buildings and equipment, net	\$ 918,886	\$ 955,552

6. **Restricted Net Assets** Temporarily restricted net assets consist of or are available for the following purposes:

<i>June 30,</i>	2013	2012
Growth in donor-restricted endowment funds	\$ 685,847	\$ 553,770
Contributions received for next year's campaign (net of designations and allowances)	421,284	455,826
Thriving at Three Educational Grant	404,496	354,543
Neil Belenky Endowment	257,309	236,509
Mentoring Initiative	222,275	155,834
Access to Healthcare Grant	20,000	-
Latino Professional Forum	10,849	10,849
211 Expansion Plan	8,738	18,524
Meaningful Meals Project	5,486	-
Legacy Society Growth and Development	-	51,719
Women's Resource Center	-	20,000
Other	5,842	2,030
	\$ 2,042,126	\$ 1,859,604

United Way of Greater Greensboro, Inc.

Notes to Financial Statements

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

<i>June 30,</i>	2013	2012
Joseph Bryan Endowment	\$ 500,000	\$ 500,000
Herman Cone Endowment	408,602	408,602
Jeanette Cone Trust	50,000	50,000
Lawrence Cohen Emergency Fund	47,429	47,429
	\$ 1,006,031	\$ 1,006,031

7. **Retirement Plan** The Organization sponsors a 403(b) Thrift Plan to which it contributes 3% of compensation, plus the lesser of 50% of the employee's contribution or 3% of compensation. Retirement plan contributions were approximately \$42,000 and \$52,000 during 2013 and 2012.