

UNITED WAY OF CENTRAL
NEW YORK, INC.

FINANCIAL STATEMENTS
June 30, 2009 and 2008

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UNITED WAY OF CENTRAL NEW YORK, INC.

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Dermody, Burke & Brown, CPAs, LLC

INDEPENDENT AUDITORS' REPORT

BOARD OF DIRECTORS UNITED WAY OF CENTRAL NEW YORK, INC.

We have audited the accompanying statements of financial position of **UNITED WAY OF CENTRAL NEW YORK, INC.** as of June 30, 2009 and 2008, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Corporation'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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 Central New York, Inc. as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Dermody, Burke & Brown

DERMODY, BURKE & BROWN, CPAs, LLC

Syracuse, NY

August 26, 2009

AUDITED FINANCIAL STATEMENTS

STATEMENTS OF FINANCIAL POSITION

June 30, 2009 and 2008

| | ASSETS | |
|--|----------------------------|-----------------------------|
| | 2009 | 2008 |
| Cash | \$ 748,284 | \$ 1,340,230 |
| Pledges Receivable, Less Allowance for Uncollectibles of \$539,366 and \$510,326 in 2009 and 2008, Respectively | 3,961,310 | 3,972,293 |
| Charitable Gift Annuity Receivable | 5,044 | 6,727 |
| Accrued Interest and Other Accounts Receivable | 8,012 | 25,964 |
| Due from Agencies | 23,978 | 47,100 |
| Prepaid Expenses and Other Assets | 27,207 | 26,164 |
| Investments | 4,174,855 | 4,761,828 |
| Property and Equipment, Less Accumulated Depreciation and Amortization | <u>42,737</u> | <u>62,703</u> |
| TOTAL ASSETS | <u><u>\$ 8,991,427</u></u> | <u><u>\$ 10,243,009</u></u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts Payable and Accrued Expenses | \$ 129,119 | \$ 105,060 |
| Donor Designations Payable | 2,214,053 | 2,278,635 |
| Undesignated Allocations Payable | 3,920,922 | 4,298,101 |
| Deferred Revenue | 74,046 | 76,678 |
| Note Payable to New York State | <u>98,375</u> | <u>98,375</u> |
| Total Liabilities | 6,436,515 | 6,856,849 |
| NET ASSETS | | |
| Unrestricted Net Assets | 146,059 | 389,336 |
| Temporarily Restricted Net Assets | 2,353,146 | 2,939,294 |
| Permanently Restricted Net Assets - Forever Fund | <u>55,707</u> | <u>57,530</u> |
| Total Net Assets | <u>2,554,912</u> | <u>3,386,160</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 8,991,427</u></u> | <u><u>\$ 10,243,009</u></u> |

See notes to financial statements.

STATEMENTS OF ACTIVITIES
Years Ended June 30, 2009 and 2008

| | Unrestricted Net Assets | |
|--|----------------------------|-------------------|
| | 2009 | 2008 |
| PUBLIC SUPPORT AND OTHER REVENUE | | |
| Recently Completed Community Campaign | \$ 0 | \$ 0 |
| Less: Early Pledges Made in Prior Period | 0 | 0 |
| Non-United Way CFC and SEFA Designations | 0 | 0 |
| Donor Designations from United Way's Campaign | 0 | 0 |
| Provision for Uncollectible Pledges | 0 | 0 |
| Future Community Campaign | 0 | 0 |
| Available to United Way of Central New York, Inc. | <u>0</u> | <u>0</u> |
| Net Assets Released from Restrictions | 5,810,501 | 6,339,753 |
| Excess in Anticipated Collection of Prior Years' Campaigns | 234,059 | 61,747 |
| Forever Fund Contributions | 15,462 | 7,005 |
| Service Fee Income | 231,395 | 219,013 |
| Success By 6 and Other Program Income | 97,364 | 0 |
| Investment Income | 53,076 | 53,615 |
| Realized Gain (Loss) on Sale of Investments | (66,429) | (83,881) |
| Unrealized Loss on Investments | (148,853) | (60,461) |
| Miscellaneous Revenue | 10,479 | 24,589 |
| Total Public Support and Other Revenue | <u>6,237,054</u> | <u>6,561,380</u> |
| EXPENSES | | |
| Functional Division Expenses: | | |
| Volunteer Resources | 249,930 | 190,170 |
| Community Impact | 4,604,375 | 5,107,395 |
| Success By 6 | 214,501 | 271,428 |
| Total Program Services | <u>5,068,806</u> | <u>5,568,994</u> |
| Resource Development | 549,310 | 533,621 |
| Marketing and Communication | 478,329 | 427,766 |
| Organizational Administration | 383,886 | 460,075 |
| Total Supporting Services | <u>1,411,525</u> | <u>1,421,462</u> |
| Total Functional Division Expenses | 6,480,331 | 6,990,456 |
| Payments to Affiliates: | | |
| United Way of America Dues | 0 | 83,625 |
| United Way of New York State Dues | 0 | 21,200 |
| Total Expenses | <u>6,480,331</u> | <u>7,095,281</u> |
| Decrease in Net Assets | (243,277) | (533,901) |
| Net Assets, Beginning of Year | 389,336 | 923,237 |
| Net Assets, End of Year | <u>\$ 146,059</u> | <u>\$ 389,336</u> |

UNITED WAY OF CENTRAL NEW YORK, INC.

| Temporarily Restricted Net Assets | | Permanently Restricted Net Assets | | Total Net Assets | |
|--|---------------------|--|------------------|-----------------------------|---------------------|
| 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| \$ 8,726,657 | \$ 9,259,844 | \$ 0 | \$ 0 | \$ 8,726,657 | \$ 9,259,844 |
| (33,970) | (98,445) | 0 | 0 | (33,970) | (98,445) |
| (1,150,156) | (1,161,603) | 0 | 0 | (1,150,156) | (1,161,603) |
| (1,642,078) | (1,664,904) | 0 | 0 | (1,642,078) | (1,664,904) |
| (410,700) | (438,000) | 0 | 0 | (410,700) | (438,000) |
| 47,611 | 33,970 | 0 | 0 | 47,611 | 33,970 |
| <u>5,537,364</u> | <u>5,930,862</u> | <u>0</u> | <u>0</u> | <u>5,537,364</u> | <u>5,930,862</u> |
| (5,810,501) | (6,339,753) | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 234,059 | 61,747 |
| 0 | 0 | 0 | 0 | 15,462 | 7,005 |
| 0 | 0 | 0 | 0 | 231,395 | 219,013 |
| 112,518 | 174,304 | 0 | 0 | 209,882 | 174,304 |
| 60,693 | 65,882 | 0 | 0 | 113,769 | 119,497 |
| (343,076) | 8,354 | 0 | 0 | (409,505) | (75,527) |
| (143,146) | (250,371) | (1,823) | (1,671) | (293,822) | (312,503) |
| 0 | 0 | 0 | 0 | 10,479 | 24,589 |
| <u>(586,148)</u> | <u>(410,722)</u> | <u>(1,823)</u> | <u>(1,671)</u> | <u>5,649,083</u> | <u>6,148,987</u> |
| 0 | 0 | 0 | 0 | 249,930 | 190,170 |
| 0 | 0 | 0 | 0 | 4,604,375 | 5,107,395 |
| 0 | 0 | 0 | 0 | 214,501 | 271,428 |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>5,068,806</u> | <u>5,568,994</u> |
| 0 | 0 | 0 | 0 | 549,310 | 533,621 |
| 0 | 0 | 0 | 0 | 478,329 | 427,766 |
| 0 | 0 | 0 | 0 | 383,886 | 460,075 |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>1,411,525</u> | <u>1,421,462</u> |
| 0 | 0 | 0 | 0 | 6,480,331 | 6,990,456 |
| 0 | 0 | 0 | 0 | 0 | 83,625 |
| 0 | 0 | 0 | 0 | 0 | 21,200 |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>6,480,331</u> | <u>7,095,281</u> |
| (586,148) | (410,722) | (1,823) | (1,671) | (831,248) | (946,294) |
| 2,939,294 | 3,350,016 | 57,530 | 59,201 | 3,386,160 | 4,332,454 |
| <u>\$ 2,353,146</u> | <u>\$ 2,939,294</u> | <u>\$ 55,707</u> | <u>\$ 57,530</u> | <u>\$ 2,554,912</u> | <u>\$ 3,386,160</u> |

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2009 with Comparative

Totals for Year Ended June 30, 2008

| | Volunteer Resources | Community Impact | Success By 6 | Total Program Services |
|---|--------------------------------|-----------------------------|-------------------------|-----------------------------------|
| Salaries | \$ 152,042 | \$ 361,087 | \$ 94,041 | \$ 607,170 |
| Employee Benefits | 26,442 | 54,310 | 17,393 | 98,145 |
| Payroll Taxes | 11,944 | 25,236 | 6,440 | 43,620 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Salaries/Related Expenses | 190,428 | 440,633 | 117,874 | 748,935 |
| Audit and Legal Services | 141 | 247 | 0 | 388 |
| Other Professional Services | 3,157 | 57,001 | 35 | 60,193 |
| Supplies | 1,461 | 3,163 | 343 | 4,967 |
| Printing and Artwork | 433 | 1,994 | 3,442 | 5,869 |
| Telephone | 592 | 4,077 | 0 | 4,669 |
| Postage | 1,720 | 2,221 | 1,292 | 5,233 |
| Occupancy | 23,675 | 50,498 | 0 | 74,173 |
| Rental and Maintenance of Equipment | 3,936 | 8,917 | 0 | 12,853 |
| Transportation, Conferences and Meetings | 6,066 | 1,849 | 12,807 | 20,722 |
| Subscriptions, Dues and Publications | 3,935 | 113 | 0 | 4,048 |
| Recognition | 875 | 487 | 224 | 1,586 |
| Programs and Special Events | 30 | 13,176 | 76,552 | 89,758 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Expense Subtotal | 236,449 | 584,376 | 212,569 | 1,033,394 |
| Payments to Affiliates: | | | | |
| United Way of America Dues | 9,009 | 22,266 | 0 | 31,275 |
| United Way of New York State Dues | 2,323 | 5,742 | 0 | 8,065 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Payments to Affiliates | 11,332 | 28,008 | 0 | 39,340 |
| Depreciation and Amortization | 2,149 | 5,311 | 1,932 | 9,392 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Operations Expense | 249,930 | 617,695 | 214,501 | 1,082,126 |
| Allocations/Awards | 0 | 3,986,680 | 0 | 3,986,680 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| TOTAL FUNCTIONAL DIVISION EXPENSES | <u>\$ 249,930</u> | <u>\$ 4,604,375</u> | <u>\$ 214,501</u> | <u>\$ 5,068,806</u> |

UNITED WAY OF CENTRAL NEW YORK, INC.

| Resource Development | Marketing and Communication | Organizational Administration | Total Supporting Services | Total Expenses | |
|-------------------------|--------------------------------|----------------------------------|---------------------------------|---------------------|---------------------|
| | | | | 2009 | 2008 |
| \$ 313,051 | \$ 178,620 | \$ 185,623 | \$ 677,294 | \$ 1,284,464 | \$ 1,221,607 |
| 35,647 | 35,378 | 35,578 | 106,603 | 204,748 | 187,335 |
| 25,013 | 13,594 | 18,447 | 57,054 | 100,674 | 98,285 |
| <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| 373,711 | 227,592 | 239,648 | 840,951 | 1,589,886 | 1,507,227 |
| 6,185 | 115 | 33,754 | 40,054 | 40,442 | 37,247 |
| 7,393 | 22,668 | 12,273 | 42,334 | 102,527 | 66,836 |
| 3,453 | 34,934 | 2,893 | 41,280 | 46,247 | 43,210 |
| 35,865 | 101,431 | 2,067 | 139,363 | 145,232 | 131,057 |
| 3,919 | 1,578 | 2,670 | 8,167 | 12,836 | 12,251 |
| 11,306 | 5,532 | 9,002 | 25,840 | 31,073 | 34,428 |
| 37,928 | 21,586 | 35,734 | 95,248 | 169,421 | 158,288 |
| 7,681 | 2,731 | 10,987 | 21,399 | 34,252 | 29,020 |
| 11,204 | 2,343 | 11,824 | 25,371 | 46,093 | 88,012 |
| 3,420 | 532 | 856 | 4,808 | 8,856 | 9,428 |
| 7,398 | 1,777 | 1,471 | 10,646 | 12,232 | 19,152 |
| 10,217 | 29,710 | 0 | 39,927 | 129,685 | 136,798 |
| <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| 519,680 | 452,529 | 363,179 | 1,335,388 | 2,368,782 | 2,272,954 |
| 19,801 | 17,242 | 13,838 | 50,881 | 82,156 | 0 |
| 5,106 | 4,446 | 3,569 | 13,121 | 21,186 | 0 |
| <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| 24,907 | 21,688 | 17,407 | 64,002 | 103,342 | 0 |
| 4,723 | 4,112 | 3,300 | 12,135 | 21,527 | 35,709 |
| <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| 549,310 | 478,329 | 383,886 | 1,411,525 | 2,493,651 | 2,308,663 |
| 0 | 0 | 0 | 0 | 3,986,680 | 4,681,793 |
| <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| <u>\$ 549,310</u> | <u>\$ 478,329</u> | <u>\$ 383,886</u> | <u>\$ 1,411,525</u> | <u>\$ 6,480,331</u> | <u>\$ 6,990,456</u> |

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2008

| | Volunteer Resources | Community Impact | Success By 6 | Total Program Services |
|---|--------------------------------|-----------------------------|-------------------------|-----------------------------------|
| Salaries | \$ 122,034 | \$ 266,736 | \$ 80,155 | \$ 468,925 |
| Employee Benefits | 19,257 | 44,260 | 16,124 | 79,641 |
| Payroll Taxes | 7,996 | 16,582 | 5,603 | 30,181 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Salaries/Related Expenses | 149,287 | 327,578 | 101,882 | 578,747 |
| | | | | |
| Audit and Legal Services | 884 | 1,506 | 0 | 2,390 |
| Other Professional Services | 2,783 | 27,163 | 35 | 29,981 |
| Supplies | 1,277 | 2,722 | 2,154 | 6,153 |
| Printing and Artwork | 642 | 6,540 | 4,958 | 12,140 |
| Telephone | 513 | 2,904 | 0 | 3,417 |
| Postage | 1,754 | 2,652 | 1,316 | 5,722 |
| Occupancy | 19,031 | 36,305 | 0 | 55,336 |
| Rental and Maintenance of Equipment | 3,569 | 7,544 | 0 | 11,113 |
| Transportation, Conferences and Meetings | 1,989 | 1,601 | 54,268 | 57,858 |
| Subscriptions, Dues and Publications | 4,590 | 29 | 200 | 4,819 |
| Recognition | 910 | 2,475 | 181 | 3,566 |
| Programs and Special Events | 0 | 0 | 102,236 | 102,236 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Expense Subtotal | 187,229 | 419,019 | 267,230 | 873,478 |
| | | | | |
| Depreciation and Amortization | 2,941 | 6,583 | 4,198 | 13,723 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Operations Expense | 190,170 | 425,602 | 271,428 | 887,201 |
| | | | | |
| Allocations/Awards | 0 | 4,681,793 | 0 | 4,681,793 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| TOTAL FUNCTIONAL DIVISION EXPENSES | \$ 190,170 | \$ 5,107,395 | \$ 271,428 | \$ 5,568,994 |

UNITED WAY OF CENTRAL NEW YORK, INC.

| Resource Development | Marketing and Communication | Organizational Administration | Total Supporting Services | Total Expenses |
|---------------------------------|--|--|--|----------------------------|
| \$ 324,398 | \$ 172,443 | \$ 255,841 | \$ 752,682 | \$ 1,221,607 |
| 35,114 | 32,901 | 39,679 | 107,694 | 187,335 |
| <u>27,228</u> | <u>13,670</u> | <u>27,206</u> | <u>68,104</u> | <u>98,285</u> |
| 386,740 | 219,014 | 322,726 | 928,480 | 1,507,227 |
| 6,755 | 884 | 27,218 | 34,857 | 37,247 |
| 8,346 | 14,787 | 13,722 | 36,855 | 66,836 |
| 3,062 | 29,978 | 4,017 | 37,057 | 43,210 |
| 20,686 | 96,071 | 2,160 | 118,917 | 131,057 |
| 4,140 | 1,713 | 2,981 | 8,834 | 12,251 |
| 10,510 | 8,667 | 9,529 | 28,706 | 34,428 |
| 39,737 | 21,604 | 41,611 | 102,952 | 158,288 |
| 7,497 | 2,742 | 7,668 | 17,907 | 29,020 |
| 10,237 | 1,331 | 18,586 | 30,154 | 88,012 |
| 3,655 | 117 | 837 | 4,609 | 9,428 |
| 11,791 | 1,891 | 1,904 | 15,586 | 19,152 |
| <u>12,211</u> | <u>22,351</u> | <u>0</u> | <u>34,562</u> | <u>136,798</u> |
| 525,367 | 421,150 | 452,959 | 1,399,476 | 2,272,954 |
| <u>8,254</u> | <u>6,616</u> | <u>7,116</u> | <u>21,986</u> | <u>35,709</u> |
| 533,621 | 427,766 | 460,075 | 1,421,462 | 2,308,663 |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>4,681,793</u> |
| <u><u>\$ 533,621</u></u> | <u><u>\$ 427,766</u></u> | <u><u>\$ 460,075</u></u> | <u><u>\$ 1,421,462</u></u> | <u><u>\$ 6,990,456</u></u> |

See notes to financial statements.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2009 and 2008

| | 2009 | 2008 |
|--|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Decrease in Net Assets | \$ (831,248) | \$ (946,294) |
| Adjustments to Reconcile Decrease in Net Assets to Net Cash Used In Operating Activities: | | |
| Depreciation and Amortization | 21,527 | 35,709 |
| Realized Loss on Investment Sales | 409,505 | 75,527 |
| Unrealized Loss on Investments | 293,822 | 312,503 |
| Stock Contributions | (53,649) | (77,729) |
| In-Kind Contributions | (56,985) | (15,745) |
| Increase (Decrease) in Allowance for Uncollectibles | 29,040 | (199,782) |
| (Increase) Decrease in Operating Assets: | | |
| Receivables | 24,700 | 624,289 |
| Prepaid Expenses and Other Assets | (1,043) | 5,144 |
| Increase (Decrease) in Operating Liabilities: | | |
| Accounts Payable and Accrued Expenses | 24,059 | 21,434 |
| Donor Designations Payable | (64,582) | (36,874) |
| Undesignated Allocations Payable | (377,179) | 140,329 |
| Deferred Revenue | (2,632) | (20,129) |
| | (584,665) | (81,618) |
| Net Cash Used In Operating Activities | (584,665) | (81,618) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of Property and Equipment | (1,560) | (10,760) |
| Proceeds from Sale of Investments | 2,029,016 | 2,839,591 |
| Purchase of Investments | (2,034,737) | (2,743,829) |
| | (7,281) | 85,002 |
| Net Cash Provided By (Used In) Investing Activities | (7,281) | 85,002 |
| Net Increase (Decrease) in Cash | (591,946) | 3,384 |
| Cash, Beginning of Year | 1,340,230 | 1,336,846 |
| Cash, End of Year | \$ 748,284 | \$ 1,340,230 |

See notes to financial statements.

UNITED WAY OF CENTRAL NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE 1 – NATURE OF OPERATIONS

The United Way of Central New York, Inc. (the Corporation) conducts annual campaigns in the fall of the year to raise support for allocations and designations to not-for-profit agencies in order to fulfill its mission to increase the organized capacity of people to care for one another.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The classifications of the Corporation's net assets and its support, revenue and expenses are based on the existence or absence of donor-imposed restrictions. Not-for-profit accounting standards require that the amounts for each of three classes of net assets (unrestricted, temporarily restricted and permanently restricted) be displayed in a statement of financial position and that the amounts of each of those classes of net assets be displayed in a statement of activities. A summary of unrestricted net asset classifications at June 30, 2009 and 2008 is as follows:

| | 2009 | 2008 |
|------------------------------------|--------------------|--------------------|
| Unrestricted Net Assets | | |
| Designated by Governing Board For: | | |
| Stabilization Reserve Fund | \$ 1,107,281 | \$ 1,140,312 |
| Property and Equipment | 82,350 | 102,317 |
| Capacity Training | 276,618 | 207,333 |
| Community Initiative Fund | 271,021 | 257,414 |
| Forever Fund | 56,279 | 36,714 |
| Forever Fund - Operating | 444,812 | 344,250 |
| Undesignated | <u>(2,092,302)</u> | <u>(1,699,004)</u> |
| Total Unrestricted Net Assets | <u>\$ 146,059</u> | <u>\$ 389,336</u> |

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Corporation has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Corporation in perpetuity. A summary of temporarily restricted net asset classifications at June 30, 2009 and 2008 is as follows:

| | 2009 | 2008 |
|---|--------------------------------|--------------------------------|
| Temporarily Restricted Net Assets | | |
| Success By 6 | \$ 120,178 | \$ 150,661 |
| Undesignated Future Campaign | 47,611 | 33,970 |
| Forever Fund | 2,166,870 | 2,691,521 |
| Leadership Center Funds | <u>18,487</u> | <u>63,142</u> |
| Total Temporarily Restricted Net Assets | <u><u>\$ 2,353,146</u></u> | <u><u>\$ 2,939,294</u></u> |

Donor-Restricted Gifts

In accordance with SFAS No. 116, “Accounting for Contributions Received and Contributions Made,” unconditional promises to give cash and other assets are reported at fair value at the date the promise is received, which is then treated as cost. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected in the accompanying financial statements as unrestricted contributions.

Charitable Gift Annuity

During 2008, the Corporation was the recipient of a \$20,590 double-life charitable gift annuity, whereby the annuitant is entitled to a fixed income over his or her life and the applicable assets are held by a trustee. The annuity asset experienced a \$1,683 loss in value during the fiscal year ended June 30, 2009. Per the donor’s request this loss has been netted with unrestricted Forever Fund Contributions. At June 30, 2008, both the \$6,727 receivable and contribution portion of this agreement were recognized as the beneficial interest in those assets, measured at the present value of the expected future cash inflows. The \$6,727 amount was determined utilizing a present value calculated with a 3.8% federal discount rate applicable at the time of the agreement.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Bequests

Bequests are recorded as income when the will is probated and the money is received. No amount has been reflected in the statements for bequest notifications.

Investments and Investment Income

Investments are carried at fair value. Fair value is determined principally on the basis of quoted market prices. Investment income or loss (including realized and unrealized gain and losses on investments, interest and dividends) is included in the net change in net assets. Investment management fees of \$34,268 and \$42,156 for the years ended June 30, 2009 and 2008, respectively, are netted against investment income.

Agent Transaction Funds

The Corporation holds funds of various agencies and organizations. These include funds used to administer a New York State revolving loan program and funds earmarked by donors for the use of designated agencies and organizations. These agent transaction activities are accounted for in the statements of financial position as both assets and offsetting liabilities and do not affect the Corporation's statements of activities.

Cash Flows

For purposes of the statements of cash flows, the Corporation uses the indirect method of reporting net cash flows from operating activities, and considers all short-term investments with an original maturity of three months or less to be cash equivalents. At June 30, 2009 and 2008, there were no cash equivalents.

Risks and Uncertainties

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risk in the near term would materially affect the amounts reported in the statements of financial position and the statements of activities.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Property and Equipment

Property and equipment are recorded at cost at the date of acquisition or their fair market value at the date of donation in the case of gifts. It is the Corporation's policy to capitalize expenditures for these items in excess of \$1,500. Lesser amounts are expensed. Depreciation and amortization are recorded on the straight-line method over the estimated economic useful life of the respective asset.

When property and equipment are retired or otherwise disposed of, the related costs and accumulated depreciation and amortization are removed from the accounts and any gain or loss is recorded in the statements of activities.

Expenditures for repairs and maintenance not considered to substantially lengthen property life are charged to expense as incurred. Depreciation and amortization charged to expense for the years ended June 30, 2009 and 2008 was \$21,527 and \$35,709, respectively.

The balance at June 30, 2009 and 2008 consisted of the following:

| | 2009 | 2008 |
|--|-------------------------|-------------------------|
| Leasehold Improvements | \$ 73,824 | \$ 73,824 |
| Furniture and Equipment | <u>426,414</u> | <u>468,813</u> |
| | 500,238 | 542,637 |
| Less: Accumulated Depreciation and Amortization | <u>457,501</u> | <u>479,934</u> |
| Total Property and Equipment | <u><u>\$ 42,737</u></u> | <u><u>\$ 62,703</u></u> |

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Compensated Absences

Employees of the Corporation are entitled to paid time off, the amount of which depends on length of service and other factors. At June 30, 2009 and 2008, the employer liability for earned time off amounted to \$51,786 and \$52,672, respectively, and is included in accounts payable and accrued expenses for the applicable year.

Income Taxes

The Corporation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, and under similar requirements of New York State law, no provision has been made for federal or state taxes.

In June 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48). This interpretation prescribes a comprehensive model for the financial statement recognition, measurement, presentation, and disclosure of uncertain tax positions taken or expected to be taken in income tax returns.

In December 2008, the FASB issued FASB Staff Position (FSP) No. FIN 48-3, *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises*, which further delays the effective date of FIN 48 for certain nonpublic enterprises until annual financial statements for fiscal years beginning after December 15, 2008.

The Corporation has elected to defer the application of FIN 48, in accordance with FSP FIN 48-3. The Corporation will continue to follow Financial Accounting Standard No. 5, *Accounting for Contingencies*, until it adopts FIN 48.

Volunteer Services

No amounts have been reflected in the statements for donated services, as they do not meet the requirements for recognition; however, a substantial number of volunteers have donated significant amounts of their time to campaign and program services.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Functional Expenses

The costs of providing various community services and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the functions benefited based on management's estimates of time spent, occupancy or usage.

For the years ended June 30, 2009 and 2008, the Corporation incurred approximately \$69,569 and \$60,735, respectively, of costs in support of the Success By 6 program.

Payments to Affiliates

Payments to Affiliates represent dues paid to the United Way of America and United Way of New York State. In 2009 the United Way of America and the Corporation re-evaluated the financial statement presentation of these costs. Beginning in 2009 dues payments were allocated on the statement of functional expenses based on total division expenses.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amount of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through August 26, 2009, which is the date the financial statements were available to be issued.

NOTE 3 – INVESTMENTS

The Corporation's investments consist of corporate equity securities and obligations, government funds and obligations, mutual funds and cash and cash equivalents. These investments are subject to varying degrees of risk. Equity securities and obligations and mutual funds are subject to market value changes associated with publicly held investments. Government funds and obligation values will fluctuate due to interest rate changes. Cash and cash equivalents are insured by the Federal Deposit Insurance Company (FDIC) or private insurance held by the investment company.

UNITED WAY OF CENTRAL NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE 3 – INVESTMENTS – Continued

A summary of the Corporation's investment portfolio at June 30, 2009 and 2008 is as follows:

| | 2009 | |
|----------------------------------|----------------------------|----------------------------|
| | Market | Cost |
| Cash and Cash Equivalents | \$ 1,050,497 | \$ 1,050,497 |
| Mutual Funds - Equity Securities | 96,662 | 86,857 |
| Mutual Funds - Bonds | 25,603 | 27,611 |
| Equity Securities | 2,010,664 | 2,317,683 |
| Foreign Equity Securities | 16,606 | 25,809 |
| Government Funds and Obligations | 762,930 | 737,737 |
| Corporate Obligations | <u>211,893</u> | <u>226,069</u> |
| Total | <u><u>\$ 4,174,855</u></u> | <u><u>\$ 4,472,263</u></u> |
| | 2008 | |
| | Market | Cost |
| Cash and Cash Equivalents | \$ 917,817 | \$ 917,817 |
| Mutual Funds - Equity Securities | 49,560 | 49,079 |
| Mutual Funds - Bonds | 30,818 | 27,611 |
| Equity Securities | 2,467,060 | 2,560,868 |
| Foreign Equity Securities | 50,357 | 46,781 |
| Government Funds and Obligations | 1,055,340 | 1,047,482 |
| Corporate Obligations | <u>190,876</u> | <u>199,799</u> |
| Total | <u><u>\$ 4,761,828</u></u> | <u><u>\$ 4,849,437</u></u> |

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE 3 – INVESTMENTS – Continued

New Accounting Pronouncements – Fair Value Measurements

Effective January 1, 2008, the organization adopted the provisions of Statement of Financial Accounting Standards No. 157, “Fair Value Measurements” (SFAS No. 157), which pertains to certain statement of financial position items measured at fair value on a recurring basis and defines fair value, establishes a framework for measuring fair value and expands disclosures about such measurements. The primary effect of SFAS No. 157 on the Corporation was to expand the required disclosures pertaining to the methods used to determine fair values and did not have a material effect on the financial statements.

SFAS No. 157 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

Assets measured at fair value on a recurring basis are summarized below, by input level:

| | June 30, 2009 | | |
|---------------|----------------------|-------------------|--------------------------------|
| Assets | Level 1 | Level 2 | Fair Value Measurements |
| Investments | <u>\$ 3,528,839</u> | <u>\$ 646,016</u> | <u>\$ 4,174,855</u> |

UNITED WAY OF CENTRAL NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE 4 – PLEDGES RECEIVABLE

The Corporation records pledges receivable and a related provision for uncollectibles for those pledges in the year that the pledges are solicited. Pledges are considered current and the provision for uncollectible is computed based upon management estimates of current economic factors applied to individual campaigns, including donor designations. Pledges receivable at June 30, 2009 and 2008 were as follows:

| | 2009 | | |
|--------------------|-------------------------------|--|---------------------|
| | Pledges Receivable | Estimated Provisions for Uncollectibles | Net |
| Fall 2009 Campaign | \$ 15,102 | \$ 0 | \$ 15,102 |
| Fall 2008 Campaign | 4,351,908 | 410,700 | 3,941,208 |
| Fall 2007 Campaign | 128,666 | 128,666 | 0 |
| Success By 6 | 5,000 | 0 | 5,000 |
| | <hr/> | <hr/> | <hr/> |
| Total | <u>\$ 4,500,676</u> | <u>\$ 539,366</u> | <u>\$ 3,961,310</u> |

| | 2008 | | |
|--------------------|-------------------------------|--|---------------------|
| | Pledges Receivable | Estimated Provisions for Uncollectibles | Net |
| Fall 2008 Campaign | \$ 6,052 | \$ 0 | \$ 6,052 |
| Fall 2007 Campaign | 4,379,805 | 438,000 | 3,941,805 |
| Fall 2006 Campaign | 76,762 | 72,326 | 4,436 |
| Success By 6 | 20,000 | 0 | 20,000 |
| | <hr/> | <hr/> | <hr/> |
| Total | <u>\$ 4,482,619</u> | <u>\$ 510,326</u> | <u>\$ 3,972,293</u> |

Net pledges receivable balances for all campaign years have been analyzed and adjusted by management to an amount estimated to be collectible as of June 30, 2009 and 2008.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE 5 – NOTE PAYABLE TO NEW YORK STATE

A revolving loan fund was established through a contract with and receipt of \$125,000 from the New York State Office of Children and Family Services for nonprofit social service agencies. In accordance with the terms established in this revolving loan fund agreement, New York State bears the risk of loss from loan defaults as long as the Corporation adheres to the terms of the agreement. Loans totaling \$26,625 were deemed to be uncollectible in previous years. At June 30, 2009 and 2008, nonprofit agencies had borrowed a total of \$23,978 and \$47,100, respectively, from the New York State revolving loan fund, in accordance with the terms established in the agreement. The outstanding balance of these loans with accrued interest is included in amounts due from agencies. The \$98,375 balance in the revolving loan fund was to have been repaid to New York State in a lump sum, inclusive of any excess interest earned on these funds that had not been offset by loan administration costs, at the termination of the agreement, February 28, 2005. The Corporation and New York State are in the process of executing a contract extension through February 28, 2014.

NOTE 6 – NET ASSETS RELEASED FROM RESTRICTION

Net assets were released from donor restrictions by the passage of time, incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donors.

| | 2009 | 2008 |
|---|----------------------------|----------------------------|
| Time Restrictions (Net Campaign Contributions Received in Prior Period) | \$ 5,523,723 | \$ 5,973,441 |
| Purpose Restrictions Accomplished (Success By 6 Program Expenses) | 143,000 | 206,495 |
| Purpose Restrictions Accomplished (Leadership Center Expenses) | 44,656 | 26,858 |
| Time Restrictions Accomplished (Forever Fund Operating - 4.5%) | <u>99,122</u> | <u>132,959</u> |
| Total | <u><u>\$ 5,810,501</u></u> | <u><u>\$ 6,339,753</u></u> |

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE 7 – ENDOWMENT

In August 2008 FASB Staff Position FAS 117-1, “Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the UPMIFA (Uniform Prudent Management of Institutional Funds Act of 2006), and Enhanced Disclosures for All Endowment Funds” was issued and adopted by the Corporation.

The Corporation has one endowment fund, whose donor-restricted historical corpus amount is similar to its permanently restricted net asset value. Annually, interest and dividend amounts are appropriated to unrestricted operations per donor stipulation, and immaterial market changes are recorded in the permanently restricted net asset category.

Although New York State has yet to enact a version of the *Uniform Prudent Management of Institutional Funds Act*, the Corporation does consider the following factors when making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Corporation to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, no deficiencies of this nature were reported in unrestricted net assets as of June 30, 2009 and 2008.

NOTE 8 – RETIREMENT BENEFITS

The Corporation has a 401(k) profit sharing pension plan, which covers all full-time employees who have been employed for at least one year. The Corporation contributed an amount equal to 7% of participants’ compensation at the end of each calendar year. Retirement expense for the fiscal years ended June 30, 2009 and 2008 was \$69,908 and \$65,263, respectively.

UNITED WAY OF CENTRAL NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2009 and 2008

NOTE 9 – COMMITMENTS

The Corporation entered into a ten-year lease for office and storage space, commencing August 1, 1996, and then extended a modified lease through September 30, 2011. The lease currently calls for monthly payments of \$11,958 plus 33% of real estate taxes and operating costs. The Corporation also has a vehicle lease and a copier lease. Rent expense was \$149,868 and \$136,668 for the years ended June 30, 2009 and 2008, respectively.

Minimum future rental payments under non-cancelable operating leases as of June 30, 2009 are:

| | |
|------------|-------------------|
| 2010 | \$ 151,536 |
| 2011 | 151,536 |
| 2012 | 43,914 |
| 2013 | 6,294 |
| 2014 | 4,548 |
| Thereafter | <u>758</u> |
| Total | <u>\$ 358,586</u> |

NOTE 10 – CONCENTRATION OF CREDIT RISK

The Corporation maintains its cash accounts at several commercial banks located in the Greater Syracuse Area and thus all cash held in excess of the FDIC insurable limit is subject to the solvency of the particular financial institution. On October 3, 2008, the FDIC insurable limit per depositor was temporarily increased from \$100,000 to \$250,000 per bank, and has recently been extended through December 31, 2013. Management of the Corporation actively monitors the cash positions in the various bank accounts as well as the financial strength of those institutions. Throughout the year the Corporation's cash balances may exceed FDIC insured limits. Uninsured cash balances were \$182,181 and \$-0- at June 30, 2009 and 2008, respectively.