

**UNITED WAY OF THE GREATER CAPITAL REGION, INC.,
CAPITAL REGION COMBINED FEDERAL CAMPAIGN AND
STATE EMPLOYEES FEDERATED APPEAL**

**Combined Financial Statements as of
June 30, 2009
Together with
Independent Auditors' Report**

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

December 9, 2009

To the Board of Directors of

United Way of the Greater Capital Region, Inc., Capital Region Combined Federal Campaign and State Employees Federated Appeal:

We have audited the accompanying combined statement of financial position of United Way of the Greater Capital Region, Inc., Capital Region Combined Federal Campaign and State Employees Federated Appeal (collectively referred to as "Organization") as of June 30, 2009, and the related combined statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the management of United Way of the Greater Capital Region, Inc., Capital Region Combined Federal Campaign and State Employees Federated Appeal. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2008 combined financial statements and, in our report dated January 5, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined 2009 financial statements referred to above present fairly, in all material respects, the financial position of United Way of the Greater Capital Region, Inc., Capital Region Combined Federal Campaign and State Employees Federated Appeal as of June 30, 2009, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The combining information on Schedules I and II are presented for the purposes of additional analysis rather than present the financial position and activities of the individual entities. Such information has been subjected to the auditing procedures applied in the audit of the basic combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic combined financial statements taken as a whole.

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**UNITED WAY OF THE GREATER CAPITAL REGION, INC.,
CAPITAL REGION COMBINED FEDERAL CAMPAIGN AND
STATE EMPLOYEES FEDERATED APPEAL**

COMBINED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2009

(With Comparative Totals for 2008)

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 2,789,546	\$ 2,756,048
Investments	2,332,019	2,729,908
Pledges receivable, net of allowance for uncollectible pledges	3,358,687	3,473,414
Contributions receivable	561,826	427,823
Other receivables	91,458	31,415
Prepaid expenses	36,760	26,490
Property and equipment, net	482,289	532,632
Beneficial interest in perpetual trust	<u>379,453</u>	<u>466,864</u>
	<u>\$ 10,032,038</u>	<u>\$ 10,444,594</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Long-term debt	183,499	228,599
Accounts payable and accrued expenses	154,031	114,837
Due to affiliated agencies	2,580,602	2,471,286
Due to designated agencies	3,567,012	3,336,160
Accrued pension cost	<u>575,930</u>	<u>280,182</u>
Total liabilities	<u>7,061,074</u>	<u>6,431,064</u>
NET ASSETS:		
Unrestricted:		
Undesignated	2,402,457	3,347,462
Board designated	<u>111,698</u>	<u>133,949</u>
Total unrestricted	2,514,155	3,481,411
Temporarily restricted	27,356	15,255
Permanently restricted	<u>429,453</u>	<u>516,864</u>
Total net assets	<u>2,970,964</u>	<u>4,013,530</u>
	<u>\$ 10,032,038</u>	<u>\$ 10,444,594</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF THE GREATER CAPITAL REGION, INC.,
 CAPITAL REGION COMBINED FEDERAL CAMPAIGN AND
 STATE EMPLOYEES FEDERATED APPEAL

COMBINED STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2009
 (With Comparative Totals for 2008)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2009	2008
SUPPORT, REVENUE AND GAINS:					
Support:					
Contributions received - United Way Campaign	\$ 8,344,333	-	\$ -	\$ 8,344,333	\$ 8,575,610
Contributions received - Other	842,731	-	-	842,731	529,116
Less: Donor designations	(4,250,957)	-	-	(4,250,957)	(4,006,555)
Allowance for uncollectible pledges	(411,395)	-	-	(411,395)	(411,399)
	<u>4,524,708</u>	-	-	<u>4,524,708</u>	<u>4,686,772</u>
Events	24,599	-	-	24,599	52,579
Contributed goods and services	53,213	-	-	53,213	35,907
Grants	92,837	537,922	-	630,759	565,896
Legacies and bequests	602,608	-	-	602,608	20,908
Net assets released from restrictions	525,821	(525,821)	-	-	-
	<u>5,823,766</u>	<u>12,101</u>	-	<u>5,835,867</u>	<u>5,382,132</u>
Total support					
Revenue and gains:					
Interest and dividends	96,777	-	-	96,777	140,714
Loss on sale of investments	(319,337)	-	-	(319,337)	(26,233)
Unrealized loss on investments	(173,510)	-	-	(173,510)	(266,885)
Unrealized loss, permanently restricted	-	-	(87,411)	(87,411)	(51,165)
Rental revenue	46,363	-	-	46,363	47,082
	<u>(347,707)</u>	-	(87,411)	<u>(435,118)</u>	<u>(156,527)</u>
Total revenue and gains (losses)					
	<u>5,476,079</u>	<u>12,101</u>	<u>(87,411)</u>	<u>5,400,769</u>	<u>5,205,625</u>
Total support, revenue, and gains (losses)					
EXPENSES:					
Program services:					
Community building programs	4,488,676	-	-	4,488,676	4,920,304
SEFA and CFC	647,942	-	-	647,942	343,408
Total program services	<u>5,136,618</u>	-	-	<u>5,136,618</u>	<u>5,263,712</u>
Supporting services:					
Management and general	481,692	-	-	481,692	663,819
Fund-raising	509,362	-	-	509,362	547,670
Resource development	991,054	-	-	991,054	1,411,489
Total supporting services	<u>6,127,672</u>	-	-	<u>6,127,672</u>	<u>6,075,201</u>
Total expenses					
	<u>(651,593)</u>	<u>12,101</u>	<u>(87,411)</u>	<u>(726,903)</u>	<u>(1,469,576)</u>
CHANGE IN NET ASSETS BEFORE CHANGE IN PENSION COST					
	<u>3,481,411</u>	<u>15,255</u>	<u>516,864</u>	<u>4,013,530</u>	<u>5,771,820</u>
NET ASSETS - beginning of year					
	<u>(315,663)</u>	-	-	<u>(315,663)</u>	<u>(288,714)</u>
OTHER CHANGE IN NET ASSETS - Change in accrued pension costs					
	<u>2,514,155</u>	<u>27,356</u>	<u>429,453</u>	<u>2,970,964</u>	<u>4,013,530</u>
NET ASSETS - end of year					

The accompanying notes are an integral part of these statements.

**UNITED WAY OF THE GREATER CAPITAL REGION, INC.,
CAPITAL REGION COMBINED FEDERAL CAMPAIGN AND
STATE EMPLOYEES FEDERATED APPEAL**

**COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009**
(With Comparative Totals for 2008)

	Management and General	SEFA and CFC	Resource Development	Community Building Programs	Total
	2009	2009	2009	2009	2008
Salaries - Executive and professional	\$ 160,514	\$ 244,268	\$ 200,833	\$ 438,670	\$ 1,185,568
Retirement expenses	23,231	35,353	29,066	63,489	150,553
Salaries - Clerical and administrative	22,049	33,554	27,587	60,258	161,667
Health and disability insurance	20,305	30,900	25,405	55,492	124,381
Payroll taxes	14,360	21,953	17,967	39,245	112,735
Independent contractor	5,084	7,737	6,361	13,895	26,451
Temporary employees	3,636	5,533	4,549	9,937	42,550
Total salaries and related expenses	249,179	379,198	311,768	680,986	1,803,905
Community Care Fund allocations	-	-	-	2,829,420	3,092,760
Grants and technical assistance	-	-	-	504,840	467,301
Distributions to Agencies	-	-	-	274,321	286,171
Publicity and promotion	77,515	-	96,986	-	133,666
Federated campaign expenses	-	133,736	-	-	111,881
Equipment expenses	15,099	22,978	18,892	41,268	99,126
Subscriptions and dues	93,557	-	3,314	-	91,584
Professional services and fees	9,891	15,053	12,376	27,026	73,577
Occupancy	17,142	14,382	11,825	25,829	80,659
Loaned executive expense	-	53,213	-	-	35,907
Program expenses	-	-	-	52,190	120,177
Printing and supplies	3,091	4,703	33,910	8,449	64,797
Travel and related costs	5,643	8,588	7,061	15,427	32,518
Telephone and postage	3,772	5,741	4,720	10,310	23,947
Meetings and development	2,871	4,369	3,593	7,857	56,508
Interest	2,149	3,270	2,689	5,879	8,013
Insurance	1,205	1,833	1,506	3,285	8,059
Miscellaneous	578	879	722	1,579	3,530
Transition expenses	-	-	-	-	81,115
Totals	\$ 481,692	\$ 647,942	\$ 509,362	\$ 4,488,676	\$ 6,675,201

The accompanying notes are an integral part of these statements.

**UNITED WAY OF THE GREATER CAPITAL REGION, INC.,
CAPITAL REGION COMBINED FEDERAL CAMPAIGN AND
STATE EMPLOYEES FEDERATED APPEAL**

**COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009
(With Comparative Totals for 2008)**

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (726,903)	\$ (1,469,576)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	65,024	56,318
Loss on sale of investments	319,337	26,233
Unrealized loss on investments	173,510	266,885
Unrealized loss, permanently restricted	87,411	51,185
Changes in:		
Pledges receivable	114,727	589,290
Other receivables	(60,043)	(2,252)
Prepaid expenses and allocations	(10,270)	(8,356)
Contributions receivable	(134,003)	14,993
Accounts payable and accrued expenses	39,194	(37,833)
Due to affiliated agencies	109,316	567,265
Due to designated agencies	230,852	343,930
Deferred income	-	(3,231)
Accrued pension cost	(19,915)	(13,422)
	<u>188,237</u>	<u>381,429</u>
Net cash flow from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(1,958,222)	(1,337,643)
Proceeds from sales of investments	1,863,264	1,263,969
Acquisition of equipment and building improvements	(14,681)	(188,839)
	<u>(109,639)</u>	<u>(262,513)</u>
Net cash flow from investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the issuance of long-term debt	-	250,000
Principal payments on long-term debt	(45,100)	(21,401)
	<u>(45,100)</u>	<u>228,599</u>
Net cash flow from financing activities		
CHANGE IN CASH AND CASH EQUIVALENTS	33,498	347,515
CASH AND CASH EQUIVALENTS - beginning of year	<u>2,756,048</u>	<u>2,408,533</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 2,789,546</u>	<u>\$ 2,756,048</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ 13,730</u>	<u>\$ 8,013</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH OPERATING ACTIVITIES:		
Increase in accrued pension cost related to non-cash actuarial changes	<u>\$ (315,663)</u>	<u>\$ (288,714)</u>

The accompanying notes are an integral part of these statements.

**UNITED WAY OF THE GREATER CAPITAL REGION, INC.,
CAPITAL REGION COMBINED FEDERAL CAMPAIGN AND
STATE EMPLOYEES FEDERATED APPEAL**

**NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2009**

1. ORGANIZATION AND HISTORY

United Way of the Greater Capital Region, Inc. (UWGCR), a New York not-for-profit corporation, was created when United Way of Northeastern New York, Inc. agreed to merge with United Way of Schenectady County, Inc. in order to provide better services to the individuals and corporations in the Capital Region. Our mission is to improve people's lives through the investment of community resources. Our vision is to be a leader in bringing people and resources together to achieve measurable and sustainable improvements in the quality of life in our community.

United Way of the Greater Capital Region, Inc. is a member of the United Way of America (now United Way WorldWide). To maintain membership within this Organization, United Way of the Greater Capital Region, Inc. must make a membership investment to United Way of America based on a percentage of annual contributions received. This membership fee paid to United Way of America was \$70,603 and 60,466 for the years ended June 30, 2009 and 2008, respectively.

United Way of the Greater Capital Region, Inc., is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. UWGCR has also been classified by the Internal Revenue Service as an entity that is not a private foundation.

Our Community Building focus brings together community-based agencies, county and state agencies, organized labor, corporations and volunteers to work together on various programs. UWGCR initiatives address issues that are critical to the quality of life in the Capital Region, and most importantly, they focus on results. The programs eligible for funding through our Community Care Fund fall into three broad categories that are determined by an intensive study of the human service needs of the Capital Region. These areas are Basic Needs, Financial Stability, and Strengthening Individuals and Families:

BASIC NEEDS

United Way funds direct service not for profit organizations and collaborations that support families and individuals accessing food, clothing, shelter, child care and other critical resources. Basic Needs programs funded by United Way include...

United Way 2-1-1 Northeast Region: a United Way-led coalition of non-profits that collaborates in creating a technology-based system for accessing information about non-emergency health and human services. This is accomplished through the operation of a call center providing free, confidential, non-emergency telephone information and referral services in a 12-county region that includes UWGCR's service area.

Emergency Food and Shelter Programs is in 5 counties. The volunteer committees distribute federal funds and monitor availability of food.

1. ORGANIZATION AND HISTORY (Continued)

FINANCIAL STABILITY

United Way funds programs and leads collaborations that teach asset-building skills, credit management and financial literacy. Financial Stability programs funded by United Way include...

CASH (Creating Assets Savings and Hope) of the Greater Capital Region: a United Way-led coalition that promotes financial stability and long-term asset building for families in the Capital Region through free tax preparation for income-eligible individuals. The CASH coalition consists of partners representing social services, the finance industry, government, faith-based services and community volunteers. The goal is to help low- and moderate-income families benefit from the Earned Income Tax Credit and other savings and learn financial management skills.

STRENGTHENING INDIVIDUALS AND FAMILIES

United Way funds programs and collaborations that provide families and individuals with skills and support needed for a successful life. An emphasis is placed on pre-K through high school education and helping youth make positive choices. Individual and Family programs are funded by United Way including:

The Family Support Network: a United Way-led collaboration of more than 50 nonprofit and public agencies that encourages parents and children to engage with professionals and community members to set goals and find solutions to family issues. The network provides a forum for sharing best practices and strategizing to overcome barriers to successful families. United Way through its volunteer grant making process assists with program design and evaluation. The neighborhood-based Family Resource Centers that provide access to vital services including pre-natal education, parent engagement, early learning & literacy services, job readiness, substance abuse prevention and more.

VOLUNTEERISM AND CIVIC ENGAGEMENT

Volunteer Recruitment and Engagement: United Way works with more than 1,200 volunteers who increase the organization's capacity in numerous areas including community-building and organizing, strategic planning, fundraising, and grant-making & evaluation to community-based programs.

United in Action: United Way of the Greater Capital Region mobilizes volunteers annually in a regional one-day event that pairs volunteer groups with hands-on projects that benefit neighborhoods, agencies and individuals.

State Employees Federated Appeal (SEFA) and Capital Region Combined Federal Campaign (CFC): Workplace fund-raising campaigns - UWGCR is responsible for developing, implementing, and evaluating fund-raising programs with respective volunteer committees for the 12 county area.

1. ORGANIZATION AND HISTORY (Continued)

Capital Region Combined Federal Campaign (CFC)

Capital Region Combined Federal Campaign (CFC) originated in the early 1960's to bring the diversity of fund-raising efforts under one umbrella. Federal employees created "the campaign, once a year" to include only charities that have been approved by either the U.S. Office of Personnel Management (OPM) or the Local Federal Coordinating Committee (LFCC). The member agencies participating in CFC include United Way of the Greater Capital Region, Inc., Community Health Charities/New York State Committee, the National Agencies, the International Service Agencies, and approximately 580 other affiliated and unaffiliated agencies.

While OPM has been charged with the oversight of CFC, the actual decisions regarding the conduct of the campaign are made by LFCC within the provision and policies established by OPM. LFCC is composed of directors from the largest federal agencies in the Capital Region and representatives of labor unions with federal employees as members.

Every year, LFCC selects one of the voluntary organizations involved in CFC to manage the campaign and serve as fiscal agent. This year, LFCC has once again selected United Way of the Greater Capital Region, Inc. to serve in this capacity.

State Employees Federated Appeal (SEFA)

State Employees Federated Appeal (SEFA) is an annual fund-raising campaign that occurs during the fall season. The program was established to accommodate the wishes of New York State employees who wanted a single fund-raising campaign that would reduce multiple charitable solicitations. Participating federations in the campaign include United Way of the Greater Capital Region, Inc., Community Health Charities of New York, International Service Agencies, and Environmental Federation of New York to name a few. In addition to the aforementioned federations, over 400 independent agencies also participate in the campaign.

State Employees Federated Appeal (SEFA)

New York State regulations assign the responsibility of campaign oversight to the Capital Region SEFA Committee whose members include state employees and representatives of charitable agencies. Campaign administrative and fiscal management services are performed by personnel of United Way of the Greater Capital Region, Inc.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination

The amounts in the combined financial statements include the accounts of the United Way of the Greater Capital Region, Inc. (UWGCR), State Employees Federated Appeal (SEFA), and Capital Region Combined Federal Campaign (CFC). All intercompany balances and transactions have been eliminated in the combination. The financial statements have been combined because of common control and interrelated operating activities.

These organizations are hereafter referred to as "Organization".

Accounting Method

The financial statements are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The significant accounting policies followed by United Way of the Greater Capital Region, Inc., Capital Region Combined Federal Campaign and State Employees Federal Appeal are described below to enhance the usefulness of the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents includes bank demand deposit accounts, money market accounts and all highly liquid debt instruments purchased with a maturity of three months or less. The Organization's cash balances may at times exceed federally insured limits. The Organization has not experienced any losses in these accounts and believes it is not exposed to any significant risk with respect to cash and cash equivalents.

Investments

All investments in publicly traded debt securities, equity securities, and mutual funds are stated at fair value. Fair value is determined using quoted market prices. All realized gains and unrealized gains and losses are reported directly in the accompanying statement of activities.

Investments securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Pledges Receivable

The Organization provides an allowance for uncollectible pledges based upon collection history and a review of open accounts by management. Open accounts are written off after all collection efforts have been exhausted and the pledge is determined to be uncollectible. The allowance for uncollectible pledges was \$411,399 at both June 30, 2009 and 2008.

Although management has reviewed the collection history while projecting the allowance, it is reasonably possible that actual uncollectible pledges may differ from the estimated allowance.

Contribution Receivable

The Organization has recorded a contribution receivable of \$561,826 and \$427,823 as of June 30, 2009 and 2008, respectively, from an estate in which they have been named beneficiary. The full amount is expected to be collected prior to December 31, 2009.

Property and Equipment

Property and equipment are stated at cost, except for donated assets, which are recorded at their fair market value at the date of the gift. United Way and Affiliates do not imply a time restriction, based on the assets' estimated useful lives, on donations of property and equipment that are restricted as to their use by the donor. Accordingly, those donations are recorded as support, increasing unrestricted net assets.

Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. When property and equipment are disposed of, the appropriate accounts are relieved of costs, and accumulated depreciation and any resultant gain or loss is reported as a change in net assets.

Depreciation is computed on a straight-line basis using the estimated useful lives (2 to 40 years) of the various assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Due to Affiliated Agencies/Pledge Income

Contributions which are designated to a specific third-party beneficiary are recorded as a liability at the fair market value at the time the contribution is received, net of campaign costs and allowance for uncollectible pledges. All pledges received by CFC and SEFA are considered donor-designated. These pledges are passed directly to the designated recipients and are excluded from the Organizations' revenue and expenses, except for a small portion that is allocated to revenue to cover direct campaign costs.

Recognition of Donor Restrictions

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

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Categories of Net Assets:

Unrestricted - Undesignated

This category of net assets is not restricted by donors or other outside agencies. The Board of Directors can authorize use of these assets, as it desires, to carry on the purposes of the Organization according to its bylaws.

Unrestricted - Designated by the Board

This category of net assets is not restricted to any specific expenditure, however, the Board of Directors has designated that these monies be used to supplement program expenses for both the 2008-2009 and 2009-2010 fiscal years.

Temporarily Restricted Net Assets

This category of net assets represents donor-imposed restrictions that permit the donee organization to use up or expend the donated assets as specified. This temporary restriction is satisfied by the passage of time or actions by the organization.

Permanently Restricted Net Assets

This category of net assets represents donor-imposed restrictions that stipulate that resources be maintained permanently, but permits United Way to use up or expend part or all of the income derived from the donated assets.

Permanently restricted net assets consist of a beneficial interest in a perpetual trust (see Note 5) as well as bequests that require investments in perpetuity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated and Contributed Services

A number of "loaned executives" have donated 2,835 and 1,913 hours to the Organization's fund-raising campaigns during the years ended June 30, 2009 and 2008, respectively. The services donated require specialized skills and are reflected in the statement of activities at their fair value. For the years ended June 30, 2009 and 2008, the amount recognized was \$52,213 and \$35,907, respectively.

Statement of Functional Expenses

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

Advertising

The Organization expenses advertising costs as incurred. Advertising expense was \$95,955 and \$132,350 for the year ended June 30, 2009 and 2008, respectively.

Fair Value Measurement – Definition and Hierarchy

In 2009, the Organization adopted the provisions of SFAS No. 157, *Fair value Measurements*. SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Organization use various valuation techniques in determining fair value. SFAS No. 157 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the company. Unobservable inputs are inputs that reflect the companies assumptions about the assumptions market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

The Organization's equities, mutual funds and beneficial interest in perpetual trust are valued utilizing Level 1 inputs.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.

The Organization's corporate bonds are valued using Level 2 inputs.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The Organization has no assets or liabilities valued using utilizing Level 3 inputs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

United Way of the Greater Capital Region, Inc. and Affiliates are exempt from federal income tax as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and have been classified as organizations as entities that is not a private foundation.

New Accounting Pronouncement - Accounting for Uncertainty in Income Taxes

In June 2006, the Financial Accounting Standards Board (FASB) issued Interpretation No. 48, Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109, Accounting for Income Taxes (FIN 48). This interpretation addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements, and applies to all entities, including tax exempt organizations. In accordance with FASB Staff Position No.FIN 48-3, the Organization has elected to defer the application of FIN 48 until 2010, and currently accounts for evaluating uncertain tax positions in accordance with generally accepted accounting principles related to accounting for contingencies. The Company is currently evaluating the impact of adopting the provisions of FIN 48, but does not anticipate it will have a material effect on its financial statements.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class and functional expense classification. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2008, from which the summarized information was derived.

3. INVESTMENTS

A summary of investments as of June 30, 2009 and 2008 is as follows:

	2009		2008	
	Cost	Market Value	Cost	Market Value
Equities	\$ 1,911,358	\$ 1,651,569	\$ 2,254,962	\$ 2,197,625
Corporate bonds	<u>696,599</u>	<u>680,450</u>	<u>544,411</u>	<u>532,283</u>
Total	<u>\$ 2,607,957</u>	<u>\$ 2,332,019</u>	<u>\$ 2,799,373</u>	<u>\$ 2,729,908</u>

Investments are managed in accordance with an investment policy that was approved by the Board of Directors and is periodically reviewed.

For the years ended June 30, 2009 and 2008, the investments earned interest and dividends of \$98,777 and \$140,714, respectively. Incurred investment management fees for the year years ended June 30, 2009 and 2008 were \$15,726, and \$15,999, respectively.

4. PROPERTY AND EQUIPMENT

The major classes of property and equipment consist of the following as of June 30, 2009 and 2008:

	June 30,	
	<u>2009</u>	<u>2008</u>
Land	\$ 102,300	\$ 102,300
Building and building improvements	804,526	796,526
Office equipment	<u>202,574</u>	<u>195,893</u>
Total	1,109,400	1,094,719
Less: Accumulated depreciation	<u>(627,111)</u>	<u>(562,087)</u>
Property and equipment - Net	<u>\$ 482,289</u>	<u>\$ 532,632</u>

Depreciation expense for the years ended June 30, 2009 and 2008 was \$65,024 and \$56,318, respectively.

5. BENEFICIAL INTEREST IN PERPETUAL TRUST – PERMANENTLY RESTRICTED

UWGCR is the beneficiary of the Percy Waller Perpetual Charitable Trust (Trust). The Trust provides for annual distributions of eleven percent of the income earned on the Trust's assets. The donor has placed no restrictions as to the use of the distributions. The Trust is administered by an independent third-party trustee.

The value of the beneficial interest in perpetual trust is recorded at eleven percent of the fair market value of the Trust's assets. UWGCR recognized losses in the value of this Trust in the amount of \$87,411 and \$51,185 during the years ended June 30, 2009 and 2008.

6. LINE OF CREDIT

UWGCR has an unsecured \$100,000 line-of-credit with First Niagara Bank. Borrowings against the line are due on demand and interest is payable monthly at the Bank's prime rate of 3.25% at June 30, 2009 (5.00% at June 30, 2008). At June 30, 2009 and 2008, there was no outstanding balance on the line of credit.

7. LONG-TERM DEBT

The Organization has an unsecured note payable with Pioneer Savings Bank. The note carries interest at 6.50%, and is payable in monthly installments of \$4,903. The balance due is \$183,499 and \$228,599 as of June 30, 2009 and 2008, respectively. Interest expense for the years ended June 30, 2009 and 2008 was \$13,980 and \$8,013, respectively. Final payment on the loan is due December 2012. Future maturities of long-term debt are as follows:

7. LONG-TERM DEBT (Continued)

Years Ending June 30,

2010	\$ 48,250
2011	51,481
2012	54,929
2013	<u>28,839</u>
Total	<u>\$ 183,499</u>

8. TEMPORARILY RESTRICTED AND BOARD DESIGNATED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Disaster relief	\$ 9,373	\$ 9,373
Family Festivals	7,202	-
Born Learning	5,026	-
MetLife grant - seniors	3,474	3,474
C.A.S.H. grant	1,181	1,308
Saratoga County Housing Alliance	<u>1,100</u>	<u>1,100</u>
Total	<u>\$ 27,356</u>	<u>\$ 15,255</u>

Unrestricted – Board designated net assets are available for the following purposes at June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Technical assistance	\$ 32,750	\$ 32,750
Impact Councils	30,000	30,000
EITC grant	16,242	25,500
Literacy Task Force	20,000	20,000
Born Learning	-	12,993
Success by Six	6,700	6,700
Time Dollar	<u>6,006</u>	<u>6,006</u>
Total	<u>\$ 111,698</u>	<u>\$ 133,949</u>

9. EMPLOYER RETIREMENT PLANS

UWGCR has a qualified deferred salary plan in accordance with IRC Section 403(b). The plan covered all of the Organization's full-time employees through 12/31/08 who were part of the United Way of Schenectady County plan who had completed one year of service. On January 1, 2009 the organization established a new 403B plan which matches employee contributions up to 2% of their salary. Employer contributions to the plan are determined annually by the Board of Directors. During the year ended June 30, 2009, the employer contribution was approximately \$21,054 and \$34,000 respectively.

9. EMPLOYER RETIREMENT PLAN (Continued)

UWGCR also has a noncontributory, combination pension and welfare plan available to all employees 21 years of age or older, who have completed one year of service. This plan is a defined benefit plan, which provides benefits that are generally based on years of service and final average salary.

The defined benefit plan has adopted the recognition provisions of FASB Statement No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*, which requires that the funded status of defined benefit pension and other postretirement plans be fully recognized in the statement of financial position.

Information relative to the defined benefit plan for the years ending June 30, 2009 and 2008 is as follows:

	Year Ended June 30,	
	<u>2009</u>	<u>2008</u>
Change in benefit obligations:		
Benefit obligation at beginning of year	\$ 1,838,891	\$ 1,863,224
Service cost	108,429	107,244
Interest cost	121,356	118,727
Change due to assumption change(s)	(83,614)	30,801
Actuarial (gains) losses	100,577	41,935
Expense charges	(5,600)	(9,881)
Annuities purchased or benefits paid	<u>(45,008)</u>	<u>(313,159)</u>
Benefit obligation at end of year	<u>\$ 2,035,031</u>	<u>\$ 1,838,891</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 1,558,709	\$ 1,858,334
Actual return (loss) on plan assets	(189,500)	(106,585)
Employer contributions	140,500	130,000
Annuities purchased or benefits paid	(45,008)	(313,159)
Expense charges	<u>(5,600)</u>	<u>(9,881)</u>
Fair value of plan assets at end of year	<u>\$ 1,459,101</u>	<u>\$ 1,558,709</u>
Funded status:		
(Under) funded status of the plan	<u>\$ (575,930)</u>	<u>\$ (280,182)</u>

The following shows the development of net periodic benefit cost as of June 30, 2009 and 2008:

	June 30,	
	<u>2009</u>	<u>2008</u>
Service cost	\$ 108,429	\$ 107,244
Interest cost	121,356	118,727
Expected return on plan assets	(120,274)	(143,879)
Amount of recognized actuarial losses	<u>11,074</u>	<u>34,486</u>
Net periodic benefit cost	<u>\$ 120,585</u>	<u>\$ 116,578</u>

9. EMPLOYER RETIREMENT PLAN (Continued)

Financial Statement Recognition

As of June 30, 2009 and 2008, the following amounts were recognized in the statement of financial position:

	<u>2009</u>	<u>2008</u>
As a non-current liability	\$ (575,930)	\$ (280,182)

As of June 30, 2009 and 2008, the following amounts were recognized in the statement of activities and changes in net assets:

	<u>2009</u>	<u>2008</u>
Net periodic cost	\$ 120,585	\$ 116,578
Change in additional minimum liability	\$ 315,663	\$ 288,714

Unamortized Items

The expected effect of unamortized items on unrestricted net assets in the next fiscal year is as follows:

Unrecognized Net Obligation or (Net Asset)	\$ -
Unrecognized Actuarial (Gain) or Loss	545,573
Unrecognized Prior Service Cost	-
Total unamortized items	<u>\$ 545,573</u>

The following table summarizes the assumptions used by the consulting actuaries and the related benefit cost information:

Weighted - average assumptions used to determine net periodic benefit as of June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Discount Rate	6.25%	6.25%
Expected long-term return on plan assets	7.50%	7.50%
Rate of compensation increase	5.50%	5.50%

9. EMPLOYER RETIREMENT PLAN (Continued)

A best estimate range was determined for both the real rate of return (net of inflation) and for inflation based on historical 30 year period rolling averages to determine the expected long-term return on plan assets of 7.50% for the years ended June 30, 2009 and 2008. An average inflation rate of 3.75% was selected for the years 2009 and 2008, and added to the real rate of return range to arrive at a best estimate range of 6.87 – 9.06%. A rate toward the low end of the best estimate range of 7.50% was selected for conservatism based on upcoming retirement benefit payments expected of the next 10 years.

Determination of Investment Policy

The narrative description of the Plan's investment policy is determined by the plan sponsor. The plan's assets are invested with an insurance company contract. The contract is able to invest in various equity securities as well as other fixed principal funds.

Plan Assets

The pension plans weighted-average asset allocations as of June 30, 2009 and 2008, by asset category are as follows:

	2009 Actual <u>Allocation</u>	2009 Percentage <u>Allocation</u>	2008 Actual <u>Allocation</u>	2008 Percentage <u>Allocation</u>
Equity securities	\$ 621,641	42.60%	\$ 748,930	48.05%
Fixed income	796,632	54.60%	770,139	49.41%
Other	40,828	2.80%	39,640	2.54%
Total	<u>\$ 1,459,101</u>	<u>100.00%</u>	<u>\$ 1,558,709</u>	<u>100.00%</u>

Contributions

UWGCR contributed \$140,500 and \$130,000 to the defined benefit plan for the years ended June 30, 2009 and 2008, respectively. The Organization expects to contribute approximately \$150,000 to this plan in 2010. Total employee benefit plan expense for the year ended June 30, 2009 and 2008 was \$130,085 and \$150,553, respectively.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

2010	\$ 5,000
2011	16,000
2012	212,000
2013	500,000
2014	1,002,000
2015-2019	741,000
Total	<u>\$ 2,476,000</u>

Effective January 1, 2009, all United Way employees are participating in both retirement plans.

10. RECONCILIATION OF PLEDGE INCOME

Fund-raising campaign results for fall 2008 were as follows:

Total campaign pledges	\$ 8,344,333
Less:	
Amounts collected prior to June 30, 2009	5,600,915
Allowance for doubtful accounts	<u>411,399</u>
Pledges receivable	<u>\$ 2,332,019</u>

11. FAIR VALUE MEASUREMENTS

The Organizations investments at fair value, within the fair value hierarchy, are as follows as of June 30, 2009:

	Level 1 <u>Inputs</u>	Level 2 <u>Inputs</u>	Level 3 <u>Inputs</u>	<u>Total</u>
Exchange Traded and Closed End Funds:				
Midcap Funds	\$ 51,150	\$ -	\$ -	\$ 51,150
Smallcap Funds	104,570	-	-	104,570
Growth Funds	128,893	-	-	128,893
Other Index Funds	111,296	-	-	111,296
Common stocks	519,429	-	-	519,429
Corporate Mutual Funds	578,086	-	-	578,086
Fixed Income Mutual Funds	106,569	-	-	106,569
US Treasury Securities	51,576	-	-	51,576
Corporate Fixed Income Bonds	-	680,450	-	680,450
Beneficial interest in perpetual trust	<u>379,453</u>	<u>-</u>	<u>-</u>	<u>379,453</u>
	<u>\$ 2,031,022</u>	<u>\$ 680,450</u>	<u>\$ -</u>	<u>\$ 2,711,472</u>

12. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 9, 2009, which is the date these financial statements were available to be issued.

**UNITED WAY OF THE GREATER CAPITAL REGION, INC.,
CAPITAL REGION COMBINED FEDERAL CAMPAIGN AND
STATE EMPLOYEES FEDERATED APPEAL**

COMBINING SCHEDULE OF FINANCIAL POSITION

JUNE 30, 2009

(With Comparative Totals for 2008)

	United Way of the Greater Capital Region, Inc.	Capital Region Combined Federal Campaign	State Employees Federated Appeal	Eliminations	2009	2008
ASSETS						
Cash and cash equivalents	\$ 2,053,420	\$ 106,400	\$ 629,726	\$ -	\$ 2,789,546	\$ 2,756,048
Investments	2,332,019	-	-	-	2,332,019	2,729,908
Pledges receivable, net of allowance for uncollectible pledges	2,119,143	198,026	1,331,113	(289,595)	3,358,687	3,473,414
Contributions receivable	561,826	-	-	-	561,826	427,823
Other receivables	275,698	-	-	(184,240)	91,458	31,415
Prepaid expenses	36,760	-	-	-	36,760	26,490
Property and equipment, net	482,289	-	-	-	482,289	532,632
Beneficial interest in perpetual trust	379,453	-	-	-	379,453	466,864
	<u>\$ 8,240,608</u>	<u>\$ 304,426</u>	<u>\$ 1,960,839</u>	<u>\$ (473,835)</u>	<u>\$ 10,032,038</u>	<u>\$ 10,444,594</u>
LIABILITIES AND NET ASSETS						
LIABILITIES:	\$ 183,499	\$ -	\$ -	\$ -	\$ 183,499	\$ 228,599
Note payable	154,031	-	-	-	154,031	114,837
Accounts payable and accrued expenses	2,580,602	78,245	395,590	(473,835)	2,580,602	2,471,286
Due to affiliated agencies	1,776,113	226,181	1,564,718	-	3,567,012	3,336,160
Due to designated agencies	575,930	-	-	-	575,930	280,182
Accrued pension cost	5,270,175	304,426	1,960,308	(473,835)	7,061,074	6,431,064
Total liabilities						
NET ASSETS:						
Unrestricted:	2,401,982	-	475	-	2,402,457	3,347,462
Undesignated	111,698	-	-	-	111,698	133,949
Board designated	2,513,680	-	475	-	2,514,155	3,481,411
Total unrestricted	27,356	-	-	-	27,356	15,255
Temporarily restricted	429,453	-	-	-	429,453	516,864
Permanently restricted	2,970,489	-	475	-	2,970,964	4,013,530
Total net assets	<u>\$ 8,240,664</u>	<u>\$ 304,426</u>	<u>\$ 1,960,763</u>	<u>\$ (473,835)</u>	<u>\$ 10,032,038</u>	<u>\$ 10,444,594</u>

The accompanying notes are an integral part of these schedules.

**UNITED WAY OF THE GREATER CAPITAL REGION, INC.,
CAPITAL REGION COMBINED FEDERAL CAMPAIGN AND
STATE EMPLOYEES FEDERATED APPEAL**

Schedule II

COMBINING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009
(With Comparative Totals for 2008)

	Unrestricted	United Way of the Greater Capital Region, Inc. Temporarily Restricted	Permanently Restricted	Total	Capital Region Combined Federal Campaign	State Employees Federated Appeal	Eliminations	Totals	2008 Totals
SUPPORT, REVENUE AND GAINS:									
Support:									
Contributions received - United Way Campaign	\$ 5,406,087	\$ -	\$ -	\$ 5,406,087	\$ 422,160	\$ 2,877,418	\$ (361,332)	\$ 8,344,333	\$ 8,575,610
Contributions received - Other	842,731	-	-	842,731	(339,507)	(2,279,566)	-	842,731	529,116
Less: Donor designations	(1,831,884)	-	-	(1,831,884)	(11,399)	(50,000)	-	(4,250,957)	(4,006,555)
Allowance for uncollectible pledges	(350,000)	-	-	(350,000)	71,254	547,852	(361,332)	(411,399)	4,686,772
Subtotal	4,266,934	-	-	4,266,934	24,599	24,599	-	4,324,708	4,324,708
Events	24,599	-	-	24,599	-	49,928	-	53,213	52,579
Contributed goods and services	3,285	-	-	3,285	-	-	-	35,907	35,907
Grants	92,837	537,922	-	630,759	-	-	-	630,759	565,936
Legacies and bequests	602,608	-	-	602,608	-	-	-	602,608	20,938
Net assets released from restrictions	525,821	(525,821)	-	-	-	-	-	-	-
Total support	5,516,084	12,101	(87,411)	5,528,185	71,254	597,780	(361,332)	5,835,987	5,362,132
Revenue and gains:									
Interest and dividends	90,692	-	-	90,692	924	7,161	-	98,777	140,714
Realized (losses) on sale of investments	(319,337)	-	-	(319,337)	-	-	-	(319,337)	(26,233)
Unrealized (losses) on investments	(173,510)	-	-	(173,510)	-	-	-	(173,510)	(266,885)
Unrealized (losses) permanently restricted	-	-	(87,411)	(87,411)	-	-	-	(87,411)	(51,185)
Rental revenue	46,363	-	-	46,363	-	-	-	46,363	47,082
Total revenue and gains	(355,792)	-	(87,411)	(443,203)	924	7,161	-	(435,118)	(156,507)
Total support, revenue, and gains	5,160,292	12,101	(87,411)	5,084,982	72,178	604,941	(361,332)	5,400,769	5,205,625
EXPENSES:									
Program services:									
Community building programs	4,214,355	-	-	4,214,355	-	274,321	-	4,488,676	4,920,304
SEFA and CFC	647,942	-	-	647,942	-	-	-	647,942	343,408
Total program services	4,862,297	-	-	4,862,297	-	274,321	-	5,136,618	5,263,712
Supporting services:									
Management and general	481,692	-	-	481,692	4,138	4,000	(8,136)	481,692	663,819
Fund-raising	459,406	-	-	459,406	68,040	335,110	(353,194)	509,362	547,670
Resource development	941,098	-	-	941,098	72,178	339,110	(361,332)	991,054	1,411,489
Total supporting services	5,803,395	-	-	5,803,395	72,178	613,431	(361,332)	6,127,672	6,675,201
Total expenses	(643,103)	12,101	(87,411)	(718,413)	-	(8,490)	-	(726,903)	(1,469,576)
CHANGE IN NET ASSETS	3,472,446	15,255	516,864	4,004,565	-	8,965	-	4,013,530	5,771,820
NET ASSETS - beginning of year	(315,663)	-	-	(315,663)	-	-	-	(315,663)	(288,714)
OTHER CHANGE IN NET ASSETS:									
Pension related changes other than net periodic cost	-	-	-	-	-	-	-	-	-
NET ASSETS - end of year	\$ 2,513,680	\$ 27,356	\$ 429,453	\$ 2,970,489	\$ -	\$ 475	\$ -	\$ 2,970,964	\$ 4,013,530

The accompanying notes are an integral part of these schedules.