

**UNITED WAY OF NORTHEASTERN NEW YORK, INC.,
CAPITAL REGION COMBINED FEDERAL CAMPAIGN AND
STATE EMPLOYEES FEDERATED APPEAL**

COMBINED FINANCIAL STATEMENTS

JUNE 30, 2007
(With comparative totals for June 30, 2006)

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
United Way of Northeastern New York, Inc., Capital Region Combined Federal Campaign
and State Employees Federated Appeal
Albany, New York

We have audited the accompanying combined statement of financial position of United Way of Northeastern New York, Inc., Capital Region Combined Federal Campaign and State Employees Federated Appeal (collectively referred to as "Organization") as of June 30, 2007, 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 Northeastern New York, 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.

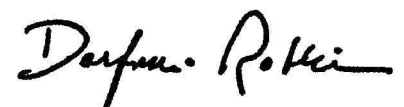
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, 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 financial statements referred to above present fairly, in all material respects, the combined financial position of United Way of Northeastern New York, Inc., Capital Region Federal Campaign and State Employees Federated Appeal as of June 30, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As more fully discussed in Note 1, United Way of Northeastern New York, Inc. has agreed to merge with United Way of Schenectady County, Inc. as of July 1, 2007. Effective July 1, 2007, United Way of Northeastern New York, Inc transferred all of its assets, liabilities, net assets and the administration contracts of Capital Region Combined Federal Campaign and State Employees Federated Appeal to United Way of Schenectady County, Inc. Effective July 1, 2007, United Way of Schenectady County, Inc, changed its name to the United Way of the Greater Capital Region, Inc.

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organizations' financial statements for the year ended June 30, 2006.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules on page 16 and 17 are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



January 17, 2008
Albany, New York

**UNITED WAY OF NORTHEASTERN NEW YORK, INC., CAPITAL REGION
 COMBINED FEDERAL CAMPAIGN AND STATE EMPLOYEES FEDERATED APPEAL
 COMBINED STATEMENT OF FINANCIAL POSITION
 JUNE 30**

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash and cash equivalents	\$ 2,081,643	\$ 2,034,558
Investments	1,143,133	1,012,141
Pledges receivable - Net	2,897,352	2,926,413
Other receivables	17,796	184,301
Prepaid expenses	12,439	5,534
Property and equipment - Net	383,523	404,195
Beneficial interest in perpetual trust	518,049	484,562
	<u>518,049</u>	<u>484,562</u>
TOTAL ASSETS	<u>\$ 7,053,935</u>	<u>\$ 7,051,704</u>
LIABILITIES		
Note payable	\$ 0	\$ 42,580
Accounts payable and accrued expenses	109,772	100,885
Due to affiliated agencies	896,213	1,025,404
Due to designated agencies	2,522,951	2,541,302
Accrued pension cost	4,890	128,511
Total liabilities	<u>3,533,826</u>	<u>3,838,682</u>
NET ASSETS		
Unrestricted:		
Undesignated	2,746,936	2,408,121
Board designated	210,809	283,359
Total unrestricted	<u>2,957,745</u>	<u>2,691,480</u>
Temporarily restricted	44,315	36,980
Permanently restricted	518,049	484,562
Total net assets	<u>3,520,109</u>	<u>3,213,022</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,053,935</u>	<u>\$ 7,051,704</u>

See accompanying notes to financial statements and independent auditor's report.

UNITED WAY OF NORTHEASTERN NEW YORK, INC., CAPITAL REGION
COMBINED FEDERAL CAMPAIGN AND STATE EMPLOYEES FEDERATED APPEAL
COMBINED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007
(With comparative totals for 2006)

	2007			2006	
	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Totals</i>	<i>Totals</i>
SUPPORT, REVENUE AND GAINS:					
Support:					
Contributions received - United Way Campaign	\$ 2,952,259	\$ 0	\$ 0	\$ 2,952,259	\$ 3,256,600
Contributions received - Other	3,937,068	0	0	3,937,068	3,834,296
Less: Donor designations	(3,345,231)	0	0	(3,345,231)	(3,392,983)
Allowance for uncollectible pledges	(286,399)	0	0	(286,399)	(286,399)
Subtotal	<u>3,257,697</u>	<u>0</u>	<u>0</u>	<u>3,257,697</u>	<u>3,411,514</u>
Events	12,324	0	0	12,324	10,087
Contributed goods and services	49,069	0	0	49,069	35,274
Grants	20,875	284,199	0	305,074	144,389
Legacies and bequests	315,452	0	0	315,452	20,861
Net assets released from restrictions	<u>276,864</u>	<u>(276,864)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total support	<u>3,932,281</u>	<u>7,335</u>	<u>0</u>	<u>3,939,616</u>	<u>3,622,125</u>
Revenue and gains:					
Interest and dividends	70,355	0	0	70,355	42,686
Gain (loss) on sale of investments	149,606	0	0	149,606	55,474
Unrealized gain (loss) on investments	(19,673)	0	0	(19,673)	23,155
Unrealized gain (loss), permanently restricted	0	0	33,487	33,487	12,915
Rental revenue	<u>47,082</u>	<u>0</u>	<u>0</u>	<u>47,082</u>	<u>46,270</u>
Total revenue and gains	<u>247,370</u>	<u>0</u>	<u>33,487</u>	<u>280,857</u>	<u>180,500</u>
Total support, revenue, and gains	<u>4,179,651</u>	<u>7,335</u>	<u>33,487</u>	<u>4,220,473</u>	<u>3,802,625</u>
EXPENSES:					
Program services:					
Community building programs	2,491,259	0	0	2,491,259	2,389,002
SEFA and CFC	244,159	0	0	244,159	306,758
FEMA	16,427	0	0	16,427	15,124
Total program services	<u>2,751,845</u>	<u>0</u>	<u>0</u>	<u>2,751,845</u>	<u>2,710,884</u>
Supporting services:					
Management and general	583,814	0	0	583,814	419,721
Fund-raising:					
Resource development	636,531	0	0	636,531	529,415
Total supporting services	<u>1,220,345</u>	<u>0</u>	<u>0</u>	<u>1,220,345</u>	<u>949,136</u>
Total expenses	<u>3,972,190</u>	<u>0</u>	<u>0</u>	<u>3,972,190</u>	<u>3,660,020</u>
CHANGE IN NET ASSETS	207,461	7,335	33,487	248,283	142,605
NET ASSETS AT BEGINNING OF YEAR	2,691,480	36,980	484,562	3,213,022	3,070,417
OTHER CHANGE IN NET ASSETS:					
Unrecognized actuarial gain	<u>58,804</u>	<u>0</u>	<u>0</u>	<u>58,804</u>	<u>0</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,957,745</u>	<u>\$ 44,315</u>	<u>\$ 518,049</u>	<u>\$ 3,520,109</u>	<u>\$ 3,213,022</u>

See accompanying notes to financial statements and independent auditor's report.

UNITED WAY OF NORTHEASTERN NEW YORK, INC., CAPITAL REGION
COMBINED FEDERAL CAMPAIGN AND STATE EMPLOYEES FEDERATED APPEAL
COMBINED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2007
(With comparative totals for 2006)

	2007					2006	
	<i>Management and General</i>	<i>SEFA and CFC</i>	<i>Resource Development</i>	<i>Community Building Programs</i>	<i>FEMA</i>	<i>Totals</i>	<i>Totals</i>
Salaries - Executive and professional	\$ 242,683	\$ 61,856	\$ 255,893	\$ 154,463	\$ 8,276	\$ 723,171	\$ 695,284
Salaries - Clerical and administrative	33,113	8,440	34,915	21,075	1,129	98,672	113,655
Retirement expenses	31,774	8,099	33,504	20,224	1,084	94,685	115,474
Payroll taxes	26,914	6,860	28,379	17,131	918	80,202	67,499
Health and disability insurance	23,239	5,923	24,504	14,790	793	69,249	83,207
Temporary employees	14,284	3,641	15,062	9,092	487	42,566	16,793
Independent contractor	0	0	0	22,575	0	22,575	19,500
Total salaries and related expenses	<u>372,007</u>	<u>94,819</u>	<u>392,257</u>	<u>259,350</u>	<u>12,687</u>	<u>1,131,120</u>	<u>1,111,412</u>
Community Care Fund allocations	0	0	0	1,510,471	0	1,510,471	1,453,106
Grants and technical assistance	0	0	0	303,085	0	303,085	161,290
Distributions to Agencies	0	0	0	257,373	0	257,373	239,871
Publicity and promotion	75,503	0	79,613	0	0	155,116	139,984
Federated campaign expenses	0	131,882	0	0	0	131,882	134,620
Subscriptions and dues	34,094	0	35,950	21,700	1,163	92,907	79,522
Program expenses	0	0	0	91,204	0	91,204	50,000
Equipment expenses	24,506	6,246	25,840	15,598	836	73,026	83,789
Professional services and fees	18,002	4,589	18,982	11,458	614	53,645	45,507
Occupancy	16,862	4,298	17,780	10,733	575	50,248	51,837
Loaned executive expense	0	0	49,069	0	0	49,069	35,274
Meetings and development	25,023	0	0	0	0	25,023	18,709
Travel and related costs	7,041	0	7,424	4,482	240	19,187	23,772
Telephone and postage	3,891	992	4,103	2,477	133	11,596	11,684
Printing and supplies	3,688	940	3,889	2,348	126	10,991	12,706
Miscellaneous	1,540	393	1,624	980	53	4,590	3,335
Interest	1,657	0	0	0	0	1,657	3,602
Totals	<u>\$ 583,814</u>	<u>\$ 244,159</u>	<u>\$ 636,531</u>	<u>\$ 2,491,259</u>	<u>\$ 16,427</u>	<u>\$ 3,972,190</u>	<u>\$ 3,660,020</u>

See accompanying notes to financial statements and independent auditor's report.

**UNITED WAY OF NORTHEASTERN NEW YORK, INC., CAPITAL REGION
COMBINED FEDERAL CAMPAIGN AND STATE EMPLOYEES FEDERATED APPEAL
COMBINED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30**

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 248,283	\$ 142,605
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	39,672	38,501
(Gain) loss on sale of investments	(149,606)	(55,474)
Unrealized (gain) loss on investments	19,673	(23,155)
Unrealized (gain) loss, permanently restricted	(33,487)	(12,915)
(Increase) decrease in:		
Pledges receivable	29,061	107,367
Other receivables	166,505	(16,281)
Prepaid expenses and allocations	(6,905)	(1,889)
Increase (decrease) in:		
Accounts payable and accrued expenses	8,887	(7,793)
Due to affiliated agencies	(129,191)	116,251
Due to designated agencies	(18,351)	(33,272)
Accrued pension cost	(64,817)	(37,526)
Total adjustments	<u>(138,559)</u>	<u>73,814</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>109,724</u>	<u>216,419</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(595,520)	(808,400)
Proceeds from sales of investments	594,461	767,849
Acquisition of equipment	<u>(19,000)</u>	<u>(15,111)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(20,059)</u>	<u>(55,662)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on long-term debt	<u>(42,580)</u>	<u>(33,410)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	47,085	127,347
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>2,034,558</u>	<u>1,907,211</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 2,081,643</u></u>	<u><u>\$ 2,034,558</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	<u>\$ 1,657</u>	<u>\$ 3,602</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH OPERATING ACTIVITIES:		
Unrecognized actuarial gain	<u>\$ 58,804</u>	<u>\$ 0</u>

See accompanying notes to financial statements and independent auditor's report.

**UNITED WAY OF NORTHEASTERN NEW YORK, INC., CAPITAL REGION COMBINED FEDERAL
CAMPAIGN AND STATE EMPLOYEES FEDERATED APPEAL
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 1. Organization and History

United Way of Northeastern New York, Inc.

United Way of Northeastern New York, Inc. (UWNENY) is a New York not-for-profit corporation. Our mission 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.

Our Community Building focus brings together community based agencies, county and state agencies, corporations, and volunteers to work together on our various programs:

Success by Six – Encourages early childhood development

Hands on Capitaland – Organizations working together on property improvements within our community

Family Support Network – A collaboration of more than 50 nonprofit and public agencies which encourages parents to collaborate with professionals and community members on goal setting and finding solutions to family issues in neighborhoods

Safe Places Interactive Network (SPIN) – Provides distance learning to improve educational performance of youth

2-1-1 - A cooperative of non-profits that work together in the operation of call center to aid individual in finding essential services

UWNENY programs address issues that are critical to the quality of life in the Capital Region, and most importantly, they focus on results. The programs selected for our Community Care funding fall into six broad categories that are determined by an intensive study of the human service needs of the Capital Region. These funding areas are:

Basic Needs: Poverty, Hunger and Nutrition, Homelessness, and Disasters

Community Development: Adult Education, Crime, Un/Underemployment, Discrimination, Disputes and Conflicts

Youth: Substance Abuse, Teen pregnancy, Delinquency, Education, Personal Development, and Social Recreation

Elder Care: Dependent Care, Social/Recreational Needs

Health: Substance Abuse, AIDS, Disabilities, Illness/Disease/Injury

Family Care: Abuse and Neglect, Domestic Violence, Child Care, Family Dysfunction

State Employees Federated Appeal (SEFA) and Capital Region Combined Federal Campaign (CFC)

Workplace fund-raising campaigns - UWNENY is responsible for developing, implementing, and evaluating fund-raising programs with respective volunteer committees for the 12 county area.

**UNITED WAY OF NORTHEASTERN NEW YORK, INC., CAPITAL REGION COMBINED FEDERAL
CAMPAIGN AND STATE EMPLOYEES FEDERATED APPEAL
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 1. Organization and History (Cont.)

United Way of Northeastern New York is a member of the United Way of America. To maintain membership within this Organization, United Way of Northeastern New York 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 \$50,020 and \$58,714 for the years ended June 30, 2007 and 2006, respectively.

United Way of Northeastern New York, Inc., is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

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 Agencies of Northeastern New York and Schenectady, 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 Northeastern New York, 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 Northeastern New York and Schenectady, 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.

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 Northeastern New York, Inc.

The financial statements are prepared on the accrual basis of accounting in accordance with the AICPA Audit and Accounting Guide for Not-for-Profit Organizations. The significant accounting policies followed by United Way of Northeastern New York, Inc., Capital Region Combined Federal Campaign and State Employees Federal Appeal are described below to enhance the usefulness of the financial statements.

**UNITED WAY OF NORTHEASTERN NEW YORK, INC., CAPITAL REGION COMBINED FEDERAL
CAMPAIGN AND STATE EMPLOYEES FEDERATED APPEAL
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 2. Summary of Significant Accounting Policies

Principles of Combination

The amounts in the combined financial statements include the accounts of the United Way of Northeastern New York, Inc. (UWNENY), 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".

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

For purposes of the statement of cash flows, the Organization considers all certificates of deposit and highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization maintains cash balances at several banks. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to \$100,000. At times, the Organization may maintain balances in excess of federally insured limits. Management believes that this is an ordinary business risk.

Investments

The Organization has adopted Statement of Financial Accounting Standards #124 - Accounting for Certain Investments Held by Not-for-Profit Associations (SFAS #124). As a result, 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.

Pledges Receivable

The Organization provides an allowance for uncollectible pledges based upon collection history and a review of open accounts by management. The allowance for uncollectible pledges was \$286,399 as of June 30, 2007 and 2006.

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.

**UNITED WAY OF NORTHEASTERN NEW YORK, INC., CAPITAL REGION COMBINED FEDERAL
CAMPAIGN AND STATE EMPLOYEES FEDERATED APPEAL
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 2. Summary of Significant Accounting Policies (Cont.)

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 for the Organization. All pledges received by CFC and SEFA are considered donor-designated. The restricted 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.

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 in 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.

Financial Statement Presentation

The Organizations have adopted Statement of Financial Accounting Standards (SFAS) #117, Financial Statements of Not-for-Profit Organizations. Under SFAS#117, the Organization is required to report 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.

**UNITED WAY OF NORTHEASTERN NEW YORK, INC., CAPITAL REGION COMBINED FEDERAL
CAMPAIGN AND STATE EMPLOYEES FEDERATED APPEAL
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 2. Summary of Significant Accounting Policies (Cont.)

Categories of Net Assets: (cont.)

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 the 2007-2008 year.

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 4).

Adoption of New Accounting Standard

During the year ended June 30, 2007, the Organization adopted Statement of Financial Accounting Standard #158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans. This new standard requires that the funded status of defined benefit pension and other postretirement plans be fully recognized in the statement of financial position and statement of activities. The effects of applying FASB #158 resulted in a change in beginning net assets as follows:

Fair value of pension plan assets at year end	\$ 1,858,334
Pension plan benefit obligation at year end	1,863,224
Unfunded liability for pension benefits	<u>\$ (4,890)</u>
Accrued benefit costs - Under prior accounting method	63,694
Change in net assets - Unrecognized actuarial gain	<u><u>\$ 58,804</u></u>

Donated and Contributed Services

A number of "loaned executives" have donated approximately 2,130 and 2,487 hours to the Organization's fund-raising campaigns during the years ended June 30, 2007 and 2006, 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, 2007 and 2006, the amount recognized was \$38,425 and \$35,274, respectively.

**UNITED WAY OF NORTHEASTERN NEW YORK, INC., CAPITAL REGION COMBINED FEDERAL
CAMPAIGN AND STATE EMPLOYEES FEDERATED APPEAL
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 2. Summary of Significant Accounting Policies (Cont.)

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 \$65,078 and \$58,597 for the years ended June 30, 2007 and 2006, respectively.

Merger of United Way Organizations and Transfer of Assets

United Way of Northeastern New York, Inc. has entered into an agreement to merge with United Way of Schenectady County, Inc. in order to provide better services to the individuals and corporations in the Capital Region. In accordance with the agreement, effective July 1, 2007, United Way of Northeastern New York, Inc. transferred all its assets, liabilities, net assets and the administrative agreements for Capital Region Combined Federal Campaign and State Employees Federated Appeal to United Way of Schenectady County, Inc. Effective July 1, 2007, United Way of Schenectady County, Inc. changed its name to United Way of the Greater Capital Region, Inc.

The accompanying statement of financial position as of June 30, 2007 is immediately prior to the transfer of all assets, liabilities and net assets. If a statement of financial position was presented immediately after the transfer, United Way of Northeastern New York, Inc. would not have any assets, liabilities or net assets remaining.

Note 3. Investments

A summary of investments as of June 30 is as follows:

	2007		2006	
	Cost	Market Value	Cost	Market Value
Equities	\$ 759,704	\$ 847,760	\$ 652,881	\$ 718,935
Corporate bonds	294,554	295,373	294,554	293,206
Total	<u>\$ 1,054,258</u>	<u>\$ 1,143,133</u>	<u>\$ 947,435</u>	<u>\$ 1,012,141</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, 2007 and 2006, the investments earned interest and dividends of \$32,811 and \$23,020, respectively, and incurred administrative fees of \$3,158 and \$6,033, respectively.

**UNITED WAY OF NORTHEASTERN NEW YORK, INC., CAPITAL REGION COMBINED FEDERAL
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NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 4. Property and Equipment

The major classes of property and equipment consist of the following:

	June 30,	
	2007	2006
Land	\$ 102,300	\$ 102,300
Building and building improvements	668,595	898,818
Office equipment	114,843	256,601
Total	885,738	1,257,719
Less: Accumulated depreciation	(502,215)	(853,524)
Property and equipment - Net	\$ 383,523	\$ 404,195

Depreciation expense for the years ended June 30, 2007 and 2006 was \$39,672 and \$38,501, respectively,

Note 5. Beneficial Interest in Perpetual Trust

UWNENY 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 restriction 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. UWNENY recognized gains (losses) in the value of this Trust in the amount of \$33,487 and \$12,915 during the years ended June 30, 2007 and 2006, respectively.

Note 6. Note Payable

The Organization had an unsecured note payable with First Niagara Bank. The note carried interest at 6.28%, and is payable in monthly installments of \$3,336. The note payable was fully repaid as of June 30, Interest expense for the years ended June 30, 2007 and 2006 was \$1,657 and \$3,602, respectively.

Note 7. Temporarily Restricted and Board Designated Net Assets

Temporarily restricted net assets are available for the following purposes at June 30:

	2007	2006
Disaster relief	\$ 9,373	\$ 9,373
Family support network	28,331	27,607
Metlife grant	3,474	0
C.A.S.H. grant	3,098	0
211 Grant	39	0
Total	\$ 44,315	\$ 36,980

**UNITED WAY OF NORTHEASTERN NEW YORK, INC., CAPITAL REGION COMBINED FEDERAL
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NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 7. Temporarily Restricted and Board Designated Net Assets (Cont.)

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

	<u>2007</u>	<u>2006</u>
SPIN	\$ 91,626	\$ 91,626
Special initiatives	41,894	108,315
Success by Six	38,533	29,737
Technical assistance	32,750	32,750
Time Dollar	6,006	0
Family Support Network	0	20,932
Total	<u>\$ 210,809</u>	<u>\$ 283,359</u>

Note 8. Employer Retirement Plan

UWNENY have 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 pension plan is a defined benefit plan, which provides benefits that are generally based on years of service and final average salary. Information relative to the defined benefit plan is as follows:

	Year Ended June 30,	
	<u>2007</u>	<u>2006</u>
Change in benefit obligations:		
Benefit obligation at beginning of year	\$ 1,821,811	\$ 1,818,055
Service cost	112,162	102,662
Interest cost	111,743	103,545
Change due to assumption change(s)	0	(75,491)
Actuarial (gains) losses	(109,685)	(112,928)
Expense charges	(9,933)	(9,559)
Annuities purchased or benefits paid	(62,874)	(4,473)
Benefit obligation at end of year	<u>\$ 1,863,224</u>	<u>\$ 1,821,811</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 1,503,219	\$ 1,264,862
Actual return (loss) on plan assets	255,670	99,389
Employer contributions	172,252	153,000
Annuities purchased or benefits paid	(62,874)	(4,473)
Expense charges	(9,933)	(9,559)
Fair value of plan assets at end of year	<u>\$ 1,858,334</u>	<u>\$ 1,503,219</u>
Funded status:		
(Under) funded status of the plan	\$ (4,890)	\$ (318,592)
Unrecognized net actuarial losses (gain)	0	190,081
(Accrued) prepaid benefit	<u>\$ (4,890)</u>	<u>\$ (128,511)</u>

**UNITED WAY OF NORTHEASTERN NEW YORK, INC., CAPITAL REGION COMBINED FEDERAL
CAMPAIGN AND STATE EMPLOYEES FEDERATED APPEAL
NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 8 . Employer Retirement Plan (Cont.)

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

Weighted - average assumptions used to determine benefit obligations:

	June 30,	
	<u>2007</u>	<u>2006</u>
Discount rate	6.25%	6.25%
Rate of compensation increase	5.50%	5.50%

Weighted - average assumptions used to determine net periodic benefit:

	June 30,	
	<u>2007</u>	<u>2006</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%

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%. An average inflation rate of 3.75% was selected and added to the real rate of return range to arrive at a best estimate range of 7.05 - 8.59%. 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.

Component of net periodic benefit cost (income):

	June 30,	
	<u>2006</u>	<u>2005</u>
Service cost	\$ 102,662	\$ 112,912
Interest cost	103,545	100,721
Expected (return) on plan assets	(100,077)	(86,664)
Amount of recognized actuarial losses	<u>9,344</u>	<u>1,805</u>
Net periodic benefit cost	<u>\$ 115,474</u>	<u>\$ 128,774</u>

Plan Assets

The pension plans weighted-average asset allocations as of June 30, 2007, by asset category are as follows:

Equity securities	85.51%
Other	14.49%

The retirement plan's assets are invested with an insurance company contract. The contract invests in various equity securities as well as other fixed principal funds.

**UNITED WAY OF NORTHEASTERN NEW YORK, INC., CAPITAL REGION COMBINED FEDERAL
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NOTES TO COMBINED FINANCIAL STATEMENTS
JUNE 30, 2007**

Note 8. Employer Retirement Plan (Cont.)

Contributions

UWNENY contributed \$172,252 and \$153,000 for the years ended June 30, 2007 and 2006, respectively. The Organization expects to contribute approximately \$130,000 to the plan in 2008.

Estimated Future Benefit Payments

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

2008	\$ 4,000
2009	212,000
2010	0
2011	62,000
2012	235,000
2013-2017	2,122,000
Total	<u>\$ 2,635,000</u>

Note 9. Reconciliation of Pledge Income

Fund-raising campaign results for Fall 2006 were as follows:

Total campaign pledges	\$ 6,769,783
Less:	
Amounts collected prior to June 30, 2007	(3,586,032)
Allowance for doubtful accounts	(286,399)
Pledges receivable	<u>\$ 2,897,352</u>

SUPPLEMENTAL INFORMATION

**UNITED WAY OF NORTHEASTERN NEW YORK, INC., CAPITAL REGION
COMBINED FEDERAL CAMPAIGN AND STATE EMPLOYEES FEDERATED APPEAL
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2007**

	<i>United Way of Northeastern New York, Inc.</i>	<i>Capital Region Combined Federal Campaign</i>	<i>State Employees Federated Appeal</i>	<i>Eliminations</i>	<i>Total</i>
ASSETS					
Cash and cash equivalents	\$ 1,280,964	\$ 97,331	\$ 703,348	\$ 0	\$ 2,081,643
Investments	1,143,133	0	0	0	1,143,133
Pledges receivable - Net	1,755,821	202,096	1,289,830	(350,395)	2,897,352
Other receivables	172,367	0	0	(154,571)	17,796
Prepaid expenses	12,439	0	0	0	12,439
Property and equipment - Net	383,523	0	0	0	383,523
Beneficial interest in perpetual trust	518,049	0	0	0	518,049
	<u>518,049</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>518,049</u>
TOTAL ASSETS	<u>\$ 5,266,296</u>	<u>\$ 299,427</u>	<u>\$ 1,993,178</u>	<u>\$ (504,966)</u>	<u>\$ 7,053,935</u>
LIABILITIES					
Note payable	\$ 0	0	0	\$ 0	\$ 0
Accounts payable and accrued expenses	109,772	0	0	0	109,772
Due to affiliated agencies	896,213	67,880	437,086	(504,966)	896,213
Due to designated agencies	744,914	231,547	1,546,490	0	2,522,951
Accrued pension cost	4,890	0	0	0	4,890
Total liabilities	<u>1,755,789</u>	<u>299,427</u>	<u>1,983,576</u>	<u>(504,966)</u>	<u>3,533,826</u>
NET ASSETS					
Unrestricted:					
Undesignated	2,737,334	0	9,602	0	2,746,936
Board designated	210,809	0	0	0	210,809
Total unrestricted	<u>2,948,143</u>	<u>0</u>	<u>9,602</u>	<u>0</u>	<u>2,957,745</u>
Temporarily restricted	44,315	0	0	0	44,315
Permanently restricted	518,049	0	0	0	518,049
Total net assets	<u>3,510,507</u>	<u>0</u>	<u>9,602</u>	<u>0</u>	<u>3,520,109</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,266,296</u>	<u>\$ 299,427</u>	<u>\$ 1,993,178</u>	<u>\$ (504,966)</u>	<u>\$ 7,053,935</u>

See independent auditor's report.

**UNITED WAY OF NORTHEASTERN NEW YORK, INC., CAPITAL REGION
COMBINED FEDERAL CAMPAIGN AND STATE EMPLOYEES FEDERATED APPEAL
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007**

	United Way of Northeastern New York, Inc.			Capital Region Combined Federal Campaign	State Employees Federated Appeal	Eliminations	Totals	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted			Unrestricted
SUPPORT, REVENUE AND GAINS:								
Support:								
Contributions received - United Way Campaign	\$ 3,316,487	\$ 0	\$ 0	\$ 3,316,487	0	0	\$ (364,228)	\$ 2,952,259
Contributions received - Other	695,068	0	0	695,068	436,582	2,805,418	0	3,937,068
Less: Donor designations	(783,867)	0	0	(783,867)	(358,366)	(2,202,998)	0	(3,345,231)
Allowance for uncollectible pledges	(225,000)	0	0	(225,000)	(11,399)	(50,000)	0	(286,399)
Subtotal	3,002,688	0	0	3,002,688	66,817	552,420	(364,228)	3,257,697
Events	12,324	0	0	12,324	0	0	0	12,324
Contributed goods and services	10,644	0	0	10,644	2,634	35,791	0	49,069
Grants	20,875	284,199	0	305,074	0	0	0	305,074
Legacies and bequests	315,452	0	0	315,452	0	0	0	315,452
Net assets released from restrictions	276,864	(276,864)	0	0	0	0	0	0
Total support	3,638,847	7,335	0	3,646,182	69,451	588,211	(364,228)	3,939,616
Revenue and gains:								
Interest and dividends	63,132	0	0	63,132	2,178	5,045	0	70,355
Realized gain on sale of investments	149,606	0	0	149,606	0	0	0	149,606
Unrealized gain on investments	(19,673)	0	0	(19,673)	0	0	0	(19,673)
Unrealized gain permanently restricted	0	0	33,487	33,487	0	0	0	33,487
Rental revenue	47,082	0	0	47,082	0	0	0	47,082
Total revenue and gains	240,147	0	33,487	273,634	2,178	5,045	0	280,857
Total support, revenue, and gains	3,878,994	7,335	33,487	3,919,816	71,629	593,256	(364,228)	4,220,473
EXPENSES:								
Program services:								
Community building programs	2,233,886	0	0	2,233,886	0	312,585	(55,212)	2,491,259
SEFA and CFC	244,159	0	0	244,159	0	0	0	244,159
FEMA	16,427	0	0	16,427	0	0	0	16,427
Total program services	2,494,472	0	0	2,494,472	0	312,585	(55,212)	2,751,845
Supporting services:								
Management and general	580,814	0	0	580,814	3,000	0	0	583,814
Fund-raising:								
Resource development	601,106	0	0	601,106	68,629	275,812	(309,016)	636,531
Total supporting services	1,181,920	0	0	1,181,920	71,629	275,812	(309,016)	1,220,345
Total expenses	3,676,392	0	0	3,676,392	71,629	588,397	(364,228)	3,972,190
CHANGE IN NET ASSETS	202,602	7,335	33,487	243,424	0	4,859	0	248,283
NET ASSETS AT BEGINNING OF YEAR	2,686,737	36,980	484,562	3,208,279	0	4,743	0	3,213,022
OTHER CHANGE IN NET ASSETS:								
Unrecognized actuarial gain	58,804	0	0	58,804	0	0	0	58,804
NET ASSETS AT END OF YEAR	\$ 2,948,143	\$ 44,315	\$ 518,049	\$ 3,510,507	\$ 0	\$ 9,602	\$ 0	\$ 3,520,109

See independent auditor's report.