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, 2010
Together with
Independent Auditors' Report

Bonadio & Co., LLP
Certified Public Accountants

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

December 22, 2010

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. (a New York State not-for-profit corporation), Capital Region Combined Federal Campaign and State Employees Federated Appeal (collectively referred to as the Organization) as of June 30, 2010, and the related combined statements of activities, functional expenses, and cash flows for the year then ended. These combined financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these combined financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2009 combined financial statements and, in our report dated December 9, 2009, we expressed an unqualified opinion on those combined 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 combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined 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 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, 2010, 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 combined financial statements of United Way of the Greater Capital Region, Inc., Capital Region Combined Federal Campaign and State Employees Federated Appeal taken as a whole. The combining information presented in Schedules I and II is presented for the purposes of additional analysis and is not a required part of the basic combined financial statements. 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, 2010
(With Comparative Totals for 2009)

	2010	2009 (Restated)
ASSETS		
Cash and cash equivalents	$ 3,136,922	$ 2,789,546
Investments	2,316,104	2,332,019
Pledges receivable, net of allowance for uncollectible pledges	3,204,976	3,358,687
Contributions receivable	65,000	561,826
Other receivables	11,623	91,458
Prepaid expenses	11,787	36,760
Property and equipment, net	523,844	482,289
Beneficial interest in perpetual trust	414,925	379,453
	$ 9,685,181	$ 10,032,038
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Note payable	$ 185,327	$ 183,499
Accounts payable and accrued expenses	108,076	154,031
Due to affiliated agencies	2,255,497	2,580,602
Due to designated agencies	2,867,914	2,797,054
Accrued pension cost	619,308	575,930
Total liabilities	6,036,122	6,291,116
NET ASSETS:		
Unrestricted -		
Undesignated	3,089,006	3,172,415
Board designated	60,456	111,698
Total unrestricted	3,149,462	3,284,113
Temporarily restricted	34,672	27,356
Permanently restricted	464,925	429,453
Total net assets	3,649,059	3,740,922
	$ 9,685,181	$ 10,032,038

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, 2010
(With Comparative Totals for 2009)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2010	2009 (Restated)
SUPPORT, REVENUE AND GAINS:					
Support					
Contributions received - United Way Campaign	$ 7,984,689	$ -	$ -	$ 7,984,689	$ 8,344,333
Contributions received - Other	541,474	-	-	541,474	842,731
Less: Donor designations	(3,333,391)	-	-	(3,333,391)	(3,761,785)
Allowance for uncollectible pledges	(411,399)	-	-	(411,399)	(411,399)
Subtotal	4,781,373	-	-	4,781,373	5,013,880
Events	9,734	-	-	9,734	24,599
Contributed goods and services	57,976	-	-	57,976	53,213
Grants	5,434	341,894	-	347,328	630,759
Legacies and bequests	20,763	-	-	20,763	602,608
Net assets released from restrictions	334,578	(334,578)	-	-	-
Total support	5,209,858	7,316	-	5,217,174	6,325,059
Revenue and gains					
Interest and dividends	71,614	-	-	71,614	98,777
Realized (losses) on sale of investments	(70,074)	-	-	(70,074)	(319,337)
Unrealized gains (losses) on investments	268,115	-	-	268,115	(173,510)
Unrealized gains (losses) permanently restricted	-	-	35,472	35,472	(87,411)
Rental revenue	43,450	-	-	43,450	46,363
Total revenue and gains	313,105	-	35,472	348,577	(435,118)
Total support, revenue, and gains	5,522,963	7,316	35,472	5,565,751	5,889,941
EXPENSES:					
Program services					
Community building programs	3,872,464	-	-	3,872,464	4,488,676
SEFA and CFC	366,320	-	-	366,320	647,942
Total program services	4,238,784	-	-	4,238,784	5,136,618
Supporting services					
Management and general	884,222	-	-	884,222	481,692
Fund-raising					
Resource development	503,967	-	-	503,967	509,362
Total supporting services and fund-raising	1,388,189	-	-	1,388,189	991,054
Total expenses	5,626,973	-	-	5,626,973	6,127,672
CHANGE IN NET ASSETS BEFORE CHANGE IN PENSION COST	(104,010)	7,316	35,472	(61,222)	(237,731)
NET ASSETS - beginning of year, as previously reported	3,284,113	27,356	429,453	3,740,922	4,013,530
PRIOR PERIOD ADJUSTMENTS	-	-	-	-	280,786
NET ASSETS - beginning of year, as restated	3,284,113	27,356	429,453	3,740,922	4,294,316
OTHER CHANGE IN NET ASSETS:					
Pension related changes other than net periodic cost	(30,641)	-	-	(30,641)	(315,663)
NET ASSETS - end of year	$ 3,149,462	$ 34,672	$ 464,925	$ 3,649,059	$ 3,740,922

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, 2010
(With Comparative Totals for 2009)

	Management and General	SEFA and CFC	Resource Development	Community Building Programs	Total 2010	2009 (Restated)
Salaries	$ 439,124	$ 111,326	$ 235,075	$ 522,093	$ 1,307,618	$ 1,187,733
Employee benefits and payroll taxes	85,287	21,622	45,657	101,401	253,967	225,527
Retirement expenses	64,345	16,313	34,446	76,503	191,607	151,139
Independent contractor	7,664	1,943	4,103	9,112	22,822	33,077
Temporary employees	6,873	1,743	3,679	8,172	20,467	23,655
Total salaries and related expenses	603,293	152,947	322,960	717,281	1,796,481	1,621,131
Community Care Fund allocations	-	-	-	2,486,335	2,486,335	2,829,420
Distributions to agencies	-	-	-	275,846	275,846	274,321
Grants and technical assistance	-	-	-	231,979	231,979	504,840
Publicity and promotion	56,901	-	106,292	-	163,193	174,501
Federated campaign expenses	-	123,977	-	-	123,977	133,736
Subscriptions and dues	94,059	1,063	2,245	4,986	102,353	96,871
Equipment expenses	33,772	8,561	18,079	40,152	100,564	98,237
Printing and supplies	22,361	5,669	11,970	26,585	66,585	50,153
Professional services and fees	21,080	5,344	11,284	25,063	62,771	64,346
Loaned executive expense	-	55,080	2,896	-	57,976	53,213
Occupancy	16,393	4,156	8,776	19,491	48,816	69,178
Travel and related costs	12,470	3,161	6,676	14,827	37,134	36,719
Telephone and postage	7,809	1,980	4,180	9,284	23,253	24,543
Meetings and development	7,034	1,783	3,765	8,365	20,947	18,690
Interest	3,580	907	1,916	4,256	10,659	13,987
Insurance	3,273	1,135	1,752	3,891	10,051	7,839
Miscellaneous	2,197	557	1,176	2,612	6,542	3,757
Program expenses	-	-	-	1,511	1,511	52,190
	$ 884,222	$ 366,320	$ 503,967	$ 3,872,464	$ 5,626,973	$ 6,127,672

The accompanting 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, 2010
(With Comparative Totals for 2009)

	2010	2009 (Restated)
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ (61,222)	$ (237,731)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	61,505	65,024
Realized losses on sale of investments	70,074	319,337
Unrealized (gains) losses on investments	(268,115)	173,510
Unrealized (gains) losses permanently restricted	(35,472)	87,411
Changes in:		
Pledges receivable	153,711	114,727
Contributions receivable	496,826	(134,003)
Other receivables	79,835	(60,043)
Prepaid expenses	24,973	(10,270)
Accounts payable and accrued expenses	(45,955)	39,194
Due to affiliated agencies	(325,105)	109,316
Due to designated agencies	70,860	(258,320)
Accrued pension cost	12,737	(19,915)
Net cash flow from operating activities	234,652	188,237
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of investments	(861,803)	(1,958,222)
Proceeds from sales of investments	1,075,759	1,863,264
Purchased of property and equipment	(103,060)	(14,681)
Net cash flow from investing activities	110,896	(109,639)
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from the issuance of note payable	185,327	-
Principal payments on note payable	(183,499)	(45,100)
Net cash flow from financing activities	1,828	(45,100)
CHANGE IN CASH AND CASH EQUIVALENTS	347,376	33,498
CASH AND CASH EQUIVALENTS - beginning of year	2,789,546	2,756,048
CASH AND CASH EQUIVALENTS - end of year	$ 3,136,922	$ 2,789,546
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	$ 10,659	$ 13,730
SUPPLEMENTAL DISCLOSURE OF NON-CASH OPERATING ACTIVITIES:		
Increase in accrued pension cost related to non-cash actuarial changes	$ (30,641)	$ (315,663)

The accompanying notes are an integral part of these statements.

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 $69,865 and 70,603 for the years ended June 30, 2010 and 2009, respectively.

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.

UWGCR has started a process of research and community dialogue that will result in a long-term commitment to advance initiatives that address education, income and health. These focus areas will provide the framework for United Way's work in the years ahead.

During 2010, UWGCR maintained its prior year's practice of investing Community Care Fund dollars in programs that demonstrated their ability to meet Basic Needs, help individuals achieve financial stability and to strengthen individuals and families. Specifically, UWGCR grant making, volunteer mobilization and community advocacy focuses on:

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: Volunteer committees, which include participation by UWGCR staff, 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:

CA$H (Creating Assets Savings and Hope) of the Greater Capital Region: a United Way-led coalition that promotes financial stability and long-term asset building for families in the Capital Region through free tax preparation for income-eligible individuals. The CA$H 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 for projects that pair 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.

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 "the Organization".

Basis of Accounting
The accompanying combined financial statements were prepared in conformity with accounting principles generally accepted in the United States of America. 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 combined financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the combined financial statements, and 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 and unrealized gains losses are reported directly in the accompanying combined statement of activities.

Marketable securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain marketable securities, it is at least reasonably possible that changes in the values of marketable securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying combined 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 uncollectable. The allowance for uncollectible pledges was $411,399 as of June 30, 2010 and 2009, respectively.

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 $65,000 and $561,826 as of June 30, 2010 and 2009, respectively, from an estate in which they have been named beneficiary. The full amount is expected to be collected prior to June 30, 2011.

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. The Organization does 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)

Long-Lived Assets

The Organization assesses its long-lived assets for impairment when events or circumstances indicate their carrying amounts may not be recoverable. This is accomplished by comparing the expected undiscounted future cash flows of the long-lived assets with the respective carrying amount as of the date of assessment. If the expected undiscounted future cash flows exceed the respective carrying amount as of the date of assessment, the long-lived assets are considered not to be impaired. If the expected undiscounted future cash flows are less than the carrying value, an impairment loss is recognized and measured as the difference between the carrying value and the fair value of the long-lived assets. No impairment of long-lived assets was recognized in 2010 or 2009.

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 Reporting

The Organization reports its activities and the related net assets using three net asset categories: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted net assets are 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. The Board of Directors has also designated that a portion of these monies be used to supplement program expenses.

Temporarily restricted net assets represent 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 represent donor-imposed restrictions that stipulate that resources be maintained permanently, but permit the Organization 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.

Donated and Contributed Services

A number of “loaned executives” have donated 2,863 and 2,835 hours to the Organization’s fund-raising campaigns during the years ended June 30, 2010 and 2009, respectively. The services donated require specialized skills and are reflected in the combined statement of activities at their fair value. For the years ended June 30, 2010 and 2009, the amount recognized was $57,976 and $53,213, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statement of Functional Expenses
The costs of providing various programs and supporting services have been summarized on a functional basis in the combined 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 $99,978 and $95,955 for the year ended June 30, 2010 and 2009, respectively.

Financial Instruments Measured at Fair Value
The Organization has financial instruments which are recorded at fair value in the accompanying combined statement of financial position. The Organization makes estimates regarding the valuation of assets and liabilities measured at fair value in the combined financial statements. These assets and liabilities include money market funds included in cash and cash equivalents, investments, and beneficial interests in perpetual trusts.

Fair Value Measurement – Definition and Hierarchy
Generally accepted accounting principles establish a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the 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 Organization. Unobservable inputs are inputs that reflect the Organization's 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 that the Organization has the ability to access. 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 equity securities, mutual funds, U.S Treasury securities, 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 U.S. government securities, money market funds, and beneficial interests in perpetual trusts 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.

The availability of observable inputs can vary and is affected by a wide variety of factors. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Organization in determining fair value is greatest for instruments categorized in Level 3. In certain cases the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

United Way of the Greater Capital Region, Inc., CFC, and SEFA 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 an entity that is not a private foundation.

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 now known as ASC Section 740). This interpretation addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the combined financial statements. For tax-exempt entities, their tax-exempt status itself is deemed to be an uncertainty, since events could potentially occur to jeopardize their tax-exempt status. ASC 740 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosures and transitions. The Organization adopted the provisions of ASC 740 on July 1, 2009 and there was no impact on the Organization's combined financial statements. At the date of adoption and as of June 30, 2010, the Organization does not have a liability for unrecognized tax benefits. The Organization files income tax returns in the U.S. federal jurisdiction and New York State. The Organization is no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2007.

Comparative Financial Information

The combined 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 combined financial statements for the year ended June 30, 2009, from which the summarized information was derived.

3. INVESTMENTS

A summary of investments as of June 30, 2010 and 2009 is as follows:

	2010		2009	
	Cost	Market Value	Cost	Market Value
Equities	$ 1,721,706	$ 1,538,399	$ 1,911,358	$ 1,651,569
Corporate bonds	775,051	777,705	696,599	680,450
	$ 2,496,757	$ 2,316,104	$ 2,607,957	$ 2,332,019

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, 2010 and 2009, the investments earned interest and dividends of $71,614 and $98,777, respectively. Incurred investment management fees for the years ended June 30, 2010 and 2009 were $17,727, and $15,726, respectively.

4. PROPERTY AND EQUIPMENT

The major classes of property and equipment consist of the following as of June 30, 2010 and 2009:

	2010	2009
Land	$ 102,300	$ 102,300
Building and building improvements	870,713	804,526
Office equipment	239,447	202,574
	1,212,460	1,109,400
Less: Accumulated depreciation	(688,616)	(627,111)
	$ 523,844	$ 482,289

Depreciation expense for the years ended June 30, 2010 and 2009 was $61,505 and $65,024, respectively.

5. BENEFICIAL INTEREST IN PERPETUAL TRUST – PERMANENTLY RESTRICTED

The Organization 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. The Organization recognized gains (losses) in the value of this Trust in the amount of $35,472 and ($87,411) during the years ended June 30, 2010 and 2009.

6. LINE-OF-CREDIT

The Organization 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 (3.25% at June 30, 2010 and 2009). At June 30, 2010 and 2009, 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, which was refinanced during the year. The note carries interest at 6.50%, and is payable in monthly installments of $5,689. The balance due is $185,327 and $183,499 as of June 30, 2010 and 2009, respectively. Interest expense for the years ended June 30, 2010 and 2009 was $10,659 and $13,731, respectively. Final payment on the loan is due June 2013.

7. **LONG-TERM DEBT (Continued)**

Future maturities of long-term debt are as follows:

Years Ending June 30,	
2011	57,905
2012	61,686
2013	65,736
	$ 185,327

8. **TEMPORARILY RESTRICTED AND BOARD DESIGNATED NET ASSETS**

Temporarily restricted net assets are available for the following purposes at June 30, 2010 and 2009:

	2010	2009
EITC program	$ 10,000	$ -
Disaster relief	9,373	9,373
Family festivals	5,465	7,202
Born learning	5,057	5,026
MetLife grant - seniors	3,474	3,474
CA$H grant	1,181	1,181
Young leaders	122	-
Saratoga County Housing Alliance	-	1,100
	$ 34,672	$ 27,356

Unrestricted – Board designated net assets are available for the following purposes at June 30, 2010 and 2009:

	2010	2009
Technical assistance	$ 32,750	$ 32,750
Impact Councils	15,000	30,000
Success by Six	6,700	6,700
Time Dollar	6,006	6,006
EITC grant	-	16,242
Literacy Task Force	-	20,000
	$ 60,456	$ 111,698

9. EMPLOYER RETIREMENT PLANS

On January 1, 2009 the Organization established a new 403B plan which matches employee contributions up to 2% of their salary. The employer match was suspended and discontinued January 1, 2010. Employer contributions to the plan are determined annually by the Board of Directors. During the year ended June 30, 2010 and 2009, the employer contribution was approximately $8,870 and $21,054, respectively.

The Organization 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.

Information relative to the defined benefit plan for the years ending June 30, 2010 and 2009 is as follows:

	2010	2009
Change in benefit obligations:		
Benefit obligation at beginning of year	$ 2,035,031	$ 1,838,891
Service cost	160,432	108,429
Interest cost	130,874	121,356
Change due to assumption change(s)	133,676	(83,614)
Actuarial (gains) losses	(92,124)	100,577
Expense charges	(13,391)	(5,600)
Annuities purchased or benefits paid	(5,344)	(45,008)
Benefit obligation at end of year	$ 2,349,154	$ 2,035,031
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 1,459,101	$ 1,558,709
Actual return (loss) on plan assets	109,980	(189,500)
Employer contributions	179,500	140,500
Annuities purchased or benefits paid	(5,344)	(45,008)
Expense charges	(13,391)	(5,600)
Fair value of plan assets at end of year	$ 1,729,846	$ 1,459,101
Funded status:		
(Under) funded status of the plan	$ (619,308)	$ (575,930)

The following shows the development of net periodic benefit cost as of June 30, 2010 and 2009:

	2010	2009
Service cost	$ 160,432	$ 108,429
Interest cost	130,874	121,356
Expected return on plan assets	(115,461)	(120,274)
Amount of recognized actuarial losses	16,392	11,074
Net periodic benefit cost	$ 192,237	$ 120,585

9. **EMPLOYER RETIREMENT PLAN (Continued)**

Financial Statement Recognition

As of June 30, 2010 and 2009, the following amounts were recognized in the combined statement of financial position:

	2010	2009
As a non-current liability	$ (619,308)	$ (575,930)

As of June 30, 2010 and 2009, the following amounts were recognized in the combined statement of activities and changes in net assets:

	2010	2009
Net periodic benefit cost	$ 192,237	$ 120,585
Changes in accrued pension costs	$ 30,641	$ 315,663

Unamortized Items

As of June 30, 2010 and 2009, the following items included in net assets had not yet been recognized as a component of benefit expense:

	2010	2009
Transition obligation/(asset)	$ -	$ -
Prior service cost	-	-
(Gains)/Losses	576,214	545,573
Total unamortized items	$ 576,214	$ 545,573

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

Transition obligation/(asset)	$ -
Prior service cost	-
(Gains)/Losses	23,045
Total unamortized items	$ 23,045

Assumptions

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, 2010 and 2009:

	2010	2009
Discount Rate	6.25%	6.00%
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, 2010 and 2009. An average inflation rate of 3.75% was selected for the years 2010 and 2009, and added to the real rate of return range to arrive at a best estimate range of 6.79% – 8.97%. 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, 2010 and 2009, by asset category are as follows:

	2010 Actual Allocation	2010 Percentage Allocation	2009 Actual Allocation	2009 Percentage Allocation
Equity securities	$ 795,613	45.99%	$ 621,641	42.60%
Fixed income	-	0.00%	796,632	54.60%
Money market	934,233	54.01%	40,828	2.80%
	$ 1,729,846	100.00%	$ 1,459,101	100.00%

The fair values of the Organization's Plan assets at June 30, 2010 and 2009, are as follows:

Description	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
June 30, 2010:				
Equity securities	$ 795,613	$ -	$ -	$ 795,613
Money market	934,233	-	-	934,233
	$ 1,729,846	$ -	$ -	$ 1,729,846
June 30, 2009:				
Equity securities	$ 621,641	$ -	$ -	$ 621,641
Fixed income	-	796,632	-	796,632
Money market	40,828	-	-	40,828
	$ 662,469	$ 796,632	$ -	$ 1,459,101

Contributions

The Organization contributed $179,500 and $140,500 to the defined benefit plan for the years ended June 30, 2010 and 2009, respectively. The Organization expects to contribute approximately $170,000 to this plan in 2011. Total employee benefit plan expense for the year ended June 30, 2010 and 2009 was $182,737 and $130,085, respectively.

9. EMPLOYER RETIREMENT PLAN (Continued)

Estimated Future Benefit Payments

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

2011	$ 16,000
2012	215,000
2013	449,000
2014	911,000
2015	20,000
2016-2019	968,000
	$ 2,579,000

Effective January 1, 2009, all United Way employees are eligible to participate in both retirement plans.

10. RECONCILIATION OF PLEDGE INCOME

Fund-raising campaign results for the Fall 2009 and 2008 campaigns were as follows:

	2010	2009
Total campaign pledges	$ 7,985,594	$ 8,833,505
Less:		
Amounts collected prior to June 30th	4,368,619	5,063,419
Allowance for doubtful accounts	411,999	411,399
Pledges receivable	$ 3,204,976	$ 3,358,687

11. FAIR VALUE MEASUREMENTS

The Organizations investments at fair value, within the fair value hierarchy, are as follows as of June 30, 2010:

Description	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
June 30, 2010:				
Exchange Traded and Closed End Funds:				
Midcap Funds	$ 99,413	$ -	$ -	$ 99,413
Smallcap Funds	145,340	-	-	145,340
Growth Funds	82,760	-	-	82,760
Other Index Funds	605,146	-	-	605,146
Common stocks	383,550	-	-	383,550
Corporate Mutual Funds	597,252	-	-	597,252
Fixed Income Mutual Funds	351,526	-	-	351,526
US Government Securities		51,117	-	51,117
Money Market Funds	-	290,056	-	290,056
Beneficial interest in perpetual trust	-	414,925	-	414,925
	$ 2,264,987	$ 756,098	$ -	$ 3,021,085
June 30, 2009:				
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
Money Market Funds	-	76,356	-	76,356
Corporate Fixed Income Bonds	-	680,450	-	680,450
Beneficial interest in perpetual trust	-	379,453	-	379,453
	$ 1,651,569	$ 1,136,259	$ -	$ 2,787,828

12. PRIOR PERIOD ADJUSTMENTS

The Organization has restated it's previously issued 2009 combined financial statements to correct an error that was made in prior years. This correction relates to a prior overstatement of the liability payable to designated agencies. During 2010, it was determined that a portion of this liability was overstated as of June 30, 2008 and June 30, 2009. There were undesignated pledges included within the liability that should have been recognized as revenue to the Organization. The accompanying combined financial statements for 2009 have been restated to reflect this correction.

12. PRIOR PERIOD ADJUSTMENTS (Continued)

The effect of the restatement on years prior to 2009 (as of June 30, 2008) is a decrease in due to designated agencies of $280,786 and a resulting increase in net assets in the same amount. The effect on the previously issued 2009 combined financial statements is summarized as follows:

Statement of Financial Position	Previously Reported	Increase (Decrease)	Restated
Total assets	$ 10,032,038	$ -	$ 10,032,038
Due to designated agencies	$ 3,567,012	$ (769,958)	$ 2,797,054
Other liabilities	3,494,062	-	3,494,062
Total liabilities	7,061,074	(769,958)	6,291,116
Net assets	$ 2,970,964	$ 769,958	$ 3,740,922

Statement of Activites	Previously Reported	Increase (Decrease)	Restated
Contributions received - United Way Campaign	$ 8,344,333	$ 489,172	$ 8,833,505
Other support, revenue, and gains(losses)	(2,943,564)	-	(2,943,564)
Total revenue	$ 5,400,769	$ 489,172	$ 5,889,941
Total expense	$ 6,127,672	$ -	$ 6,127,672
Change in net assets	$ (726,903)	$ 489,172	$ (237,731)

13. SUBSEQUENT EVENTS

Subsequent to year-end, New York Not-for-Profit Corporation Law was amended to add a new article known as the “Prudent Management of Institutional Funds Act”, which became effective in September 2010. The Organization is currently assessing the impact of this legislation. However, it is possible that implementing it may result in a reclassification of previously reported net asset balances between unrestricted, temporarily restricted and/or permanently restricted net assets.

Subsequent events have been evaluated through December 22, 2010, which is the date these combined 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

Schedule I

COMBINING SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2010
(With Comparative Totals for 2009)

	United Way of the Greater Capital Region, Inc.	Capital Region Combined Federal Campaign	State Employees Federated Appeal	Eliminations	Total 2010	2009 (Restated)
ASSETS						
Cash and cash equivalents	$ 2,400,771	$ 107,750	$ 628,401	$ -	$ 3,136,922	$ 2,789,546
Investments	2,316,104	-	-	-	2,316,104	2,332,019
Pledges receivable, net of allowance for uncollectible pledges	2,024,684	187,905	1,286,735	(294,348)	3,204,976	3,358,687
Contributions receivable	65,000	-	-	-	65,000	561,826
Other receivables	200,509	-	-	(188,886)	11,623	91,458
Prepaid expenses	11,787	-	-	-	11,787	36,760
Property and equipment, net	523,844	-	-	-	523,844	482,289
Beneficial interest in perpetual trust	414,925	-	-	-	414,925	379,453
	$ 7,957,624	$ 295,655	$ 1,915,136	$ (483,234)	$ 9,685,181	$ 10,032,038
LIABILITIES AND NET ASSETS						
LIABILITIES:						
Note payable	$ 185,327	$ -	$ -	$ -	$ 185,327	$ 183,499
Accounts payable and accrued expenses	108,076	-	-	-	108,076	154,031
Due to affiliated agencies	2,255,497	68,146	415,088	(483,234)	2,255,497	2,580,602
Due to designated agencies	1,142,585	227,509	1,497,820	-	2,867,914	2,797,054
Accrued pension cost	619,308	-	-	-	619,308	575,930
Total liabilities	4,310,793	295,655	1,912,908	(483,234)	6,036,122	6,291,116
NET ASSETS:						
Unrestricted -						
Undesignated	3,086,778	-	2,228	-	3,089,006	3,172,415
Board designated	60,456	-	-	-	60,456	111,698
Total unrestricted	3,147,234	-	2,228	-	3,149,462	3,284,113
Temporarily restricted	34,672	-	-	-	34,672	27,356
Permanently restricted	464,925	-	-	-	464,925	429,453
Total net assets	3,646,831	-	2,228	-	3,649,059	3,740,922
	$ 7,957,624	$ 295,655	$ 1,915,136	$ (483,234)	$ 9,685,181	$ 10,032,038

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, 2010
(With Comparative Totals for 2009)

	United Way of the Greater Capital Region, Inc.				Capital Region Combined Federal Campaign	State Employees Federated Appeal			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Unrestricted	Eliminations	Totals	2009 (Restated)
SUPPORT, REVENUE AND GAINS:									
Support									
Contributions received - United Way Campaign	$ 5,207,621	$ -	$ -	$ 5,207,621	$ 362,049	$ 2,789,955	$ (374,936)	$ 7,984,689	$ 8,344,333
Contributions received - Other	541,474	-	-	541,474	-	-	-	541,474	842,731
Less: Donor designations	(891,428)	-	-	(891,428)	(275,867)	(2,166,096)	-	(3,333,391)	(3,761,785)
Allowance for uncollectible pledges	(350,000)	-	-	(350,000)	(11,399)	(50,000)	-	(411,399)	(411,399)
Subtotal	4,507,667	-	-	4,507,667	74,783	573,859	(374,936)	4,781,373	5,013,880
Events	9,734	-	-	9,734	-	-	-	9,734	24,599
Contributed goods and services	2,896	-	-	2,896	-	55,080	-	57,976	53,213
Grants	5,434	341,894	-	347,328	-	-	-	347,328	630,759
Legacies and bequests	20,763	-	-	20,763	-	-	-	20,763	602,608
Net assets released from restrictions	334,578	(334,578)	-	-	-	-	-	-	-
Total support	4,881,072	7,316	-	4,888,388	74,783	628,939	(374,936)	5,217,174	6,325,059
Revenue and gains									
Interest and dividends	67,470	-	-	67,470	151	3,993	-	71,614	98,777
Realized (losses) on sale of investments	(70,074)	-	-	(70,074)	-	-	-	(70,074)	(319,337)
Unrealized gains (losses) on investments	268,115	-	-	268,115	-	-	-	268,115	(173,510)
Unrealized gains (losses) permanently restricted	-	-	35,472	35,472	-	-	-	35,472	(87,411)
Rental revenue	43,450	-	-	43,450	-	-	-	43,450	46,363
Total revenue and gains	308,961	-	35,472	344,433	151	3,993	-	348,577	(435,118)
Total support, revenue, and gains	5,190,033	7,316	35,472	5,232,821	74,934	632,932	(374,936)	5,565,751	5,889,941
EXPENSES:									
Program services									
Community building programs	3,596,618	-	-	3,596,618	-	275,846	-	3,872,464	4,488,676
SEFA and CFC	366,320	-	-	366,320	-	-	-	366,320	647,942
Total program services	3,962,938	-	-	3,962,938	-	275,846	-	4,238,784	5,136,618
Supporting services									
Management and general	884,222	-	-	884,222	4,700	4,000	(8,700)	884,222	481,692
Fund-raising									
Resource development	448,582	-	-	448,582	70,234	351,387	(366,236)	503,967	509,362
Total supporting services and fund-raising	1,332,804	-	-	1,332,804	74,934	355,387	(374,936)	1,388,189	991,054
Total expenses	5,295,742	-	-	5,295,742	74,934	631,233	(374,936)	5,626,973	6,127,672
CHANGE IN NET ASSETS BEFORE CHANGE IN PENSION COST	(105,709)	7,316	35,472	(62,921)	-	1,699	-	(61,222)	(237,731)
NET ASSETS - beginning of year, as previously reported	3,283,584	27,356	429,453	3,740,393	-	529	-	3,740,922	4,013,530
PRIOR PERIOD ADJUSTMENTS	-	-	-	-	-	-	-	-	280,786
NET ASSETS - beginning of year, as restated	3,283,584	27,356	429,453	3,740,393	-	529	-	3,740,922	4,294,316
OTHER CHANGE IN NET ASSETS:									
Pension related changes other than net periodic cost	(30,641)	-	-	(30,641)	-	-	-	(30,641)	(315,663)
NET ASSETS - end of year	$ 3,147,234	$ 34,672	$ 464,925	$ 3,646,831	$ -	$ 2,228	$ -	$ 3,649,059	$ 3,740,922

The accompanying notes are an integral part of these schedules.