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, 2011 Together with Independent Auditors' Report

Bonadio & Co., LLP
Certified Public Accountants

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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

January 6, 2012

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, 2011, 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 2010 combined financial statements and, in our report dated December 22, 2010, 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, 2011, 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 of the combined financial statements rather than to present the financial position and results of operations of the individual campaigns 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, 2011
(With Comparative Totals for 2010)

	2011	2010
ASSETS		
Cash and cash equivalents	$ 1,858,606	$ 3,136,922
Investments	3,011,801	2,316,104
Pledges receivable, net of allowance for uncollectible pledges	3,032,300	3,204,976
Contributions receivable	100,000	65,000
Other receivables	47,029	11,623
Prepaid expenses	36,275	11,787
Property and equipment, net	470,329	523,844
Beneficial interest in perpetual trust	475,623	414,925
	$ 9,031,963	$ 9,685,181
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Note payable	$ 127,424	$ 185,327
Accounts payable and accrued expenses	133,100	108,076
Due to affiliated agencies	1,589,296	2,255,497
Due to designated agencies	2,435,165	2,867,914
Accrued pension cost	337,575	619,308
Total liabilities	4,622,560	6,036,122
NET ASSETS:		
Unrestricted -		
Undesignated	3,186,876	3,089,006
Board designated	611,314	60,456
Total unrestricted	3,798,190	3,149,462
Temporarily restricted	25,590	34,672
Permanently restricted	585,623	464,925
Total net assets	4,409,403	3,649,059
	$ 9,031,963	$ 9,685,181

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, 2011
(With Comparative Totals for 2010)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2011	2010
SUPPORT, REVENUE AND GAINS:					
Support					
Contributions received - United Way Campaign	$ 7,364,486	$ -	$ -	$ 7,364,486	$ 7,984,689
Contributions received - Other	620,498	-	-	620,498	541,474
Less: Donor designations	(2,881,528)	-	-	(2,881,528)	(3,333,391)
Allowance for uncollectible pledges	(422,401)	-	-	(422,401)	(411,399)
Subtotal	4,681,055	-	-	4,681,055	4,781,373
Events	33,754	-	-	33,754	9,734
Contributed goods and services	39,016	-	-	39,016	57,976
Grants	117,058	67,150	-	184,208	347,328
Legacies and bequests	20,744	-	60,000	80,744	20,763
Net assets released from restrictions	76,232	(76,232)	-	-	-
Total support	4,967,859	(9,082)	60,000	5,018,777	5,217,174
Revenue and gains					
Interest and dividends	48,749	-	-	48,749	71,614
Realized gains (losses) on sale of investments	380,903	-	-	380,903	(70,074)
Unrealized gains (losses) on investments	(25,147)	-	-	(25,147)	268,115
Unrealized gains permanently restricted	-	-	60,698	60,698	35,472
Rental revenue	41,289	-	-	41,289	43,450
Total revenue and gains	445,794	-	60,698	506,492	348,577
Total support, revenue, and gains	5,413,653	(9,082)	120,698	5,525,269	5,565,751
EXPENSES:					
Program services					
Community building programs	3,476,159	-	-	3,476,159	3,872,464
SEFA and CFC	368,874	-	-	368,874	366,320
Total program services	3,845,033	-	-	3,845,033	4,238,784
Supporting services					
Management and general	646,629	-	-	646,629	884,222
Fund-raising					
Resource development	605,780	-	-	605,780	503,967
Total supporting services and fund-raising	1,252,409	-	-	1,252,409	1,388,189
Total expenses	5,097,442	-	-	5,097,442	5,626,973
CHANGE IN NET ASSETS BEFORE CHANGE IN PENSION COST	316,211	(9,082)	120,698	427,827	(61,222)
PENSION CHANGES OTHER THAN NET PERIODIC COSTS					
Pension related changes other than net periodic cost	332,517	-	-	332,517	(30,641)
CHANGE IN NET ASSETS	648,728	(9,082)	120,698	760,344	(91,863)
NET ASSETS - beginning of year,	3,149,462	34,672	464,925	3,649,059	3,740,922
NET ASSETS - end of year	$ 3,798,190	$ 25,590	$ 585,623	$ 4,409,403	$ 3,649,059

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, 2011
(With Comparative Totals for 2010)

	Management and General	SEFA and CFC	Resource Development	Community Building Programs	Total 2011	2010
Salaries	$ 341,122	$ 117,252	$ 318,203	$ 541,254	$ 1,317,831	$ 1,307,618
Employee benefits and payroll taxes	68,584	23,574	63,976	108,821	264,955	253,967
Retirement expenses	58,142	19,985	54,236	92,253	224,616	191,607
Temporary employees	2,201	756	2,053	3,492	8,502	20,467
Independent contractor	-	-	-	192	192	22,822
Total salaries and related expenses	470,049	161,567	438,468	746,012	1,816,096	1,796,481
Community Care Fund allocations	-	-	-	2,153,278	2,153,278	2,486,335
Distributions to agencies	-	-	-	205,147	205,147	275,846
Publicity and promotion	47,009	-	43,885	72,714	163,608	163,193
Federated campaign expenses	-	137,906	-	-	137,906	123,977
Equipment expenses	16,814	5,779	15,685	26,679	64,957	100,564
Subscriptions and dues	27,676	956	25,817	43,913	98,362	102,353
Grants and technical assistance	-	-	-	78,985	78,985	231,979
Occupancy	14,520	4,991	13,544	23,038	56,093	48,816
Meetings and development	14,157	4,867	13,206	22,463	54,693	20,947
Printing and supplies	13,866	4,766	12,934	22,001	53,567	66,585
Loaned executive expense	-	34,729	2,562	-	37,291	57,976
Professional services and fees	23,457	6,754	21,881	37,218	89,310	62,771
Travel and related costs	7,431	2,554	6,931	11,790	28,706	37,134
Telephone and postage	5,240	1,801	4,888	8,314	20,243	23,253
Program expenses	-	-	-	14,438	14,438	1,511
Interest	2,885	992	2,691	4,577	11,145	10,659
Miscellaneous	1,925	662	1,796	3,054	7,437	6,542
Insurance	1,600	550	1,492	2,538	6,180	10,051
	$ 646,629	$ 368,874	$ 605,780	$ 3,476,159	$ 5,097,442	$ 5,626,973

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, 2011
(With Comparative Totals for 2010)

	2011	2010
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ 760,344	$ (91,863)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	64,957	61,505
Realized (gains) losses on sale of investments	(380,903)	70,074
Unrealized (gains) losses on investments	25,147	(268,115)
Unrealized (gains) permanently restricted	(60,698)	(35,472)
Change in accrued pension cost related to non-cash actuarial changes	(332,517)	30,641
Changes in:		
Pledges receivable	172,676	153,711
Contributions receivable	(35,000)	496,826
Other receivables	(35,406)	79,835
Prepaid expenses	(24,488)	24,973
Accounts payable and accrued expenses	25,024	(45,955)
Due to affiliated agencies	(666,201)	(325,105)
Due to designated agencies	(432,749)	70,860
Accrued pension cost	50,784	12,737
Net cash flow from operating activities	(869,030)	234,652
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of investments	(3,242,220)	(861,803)
Proceeds from sales of investments	2,902,279	1,075,759
Purchased of property and equipment	(11,442)	(103,060)
Net cash flow from investing activities	(351,383)	110,896
CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from the issuance of note payable	-	185,327
Principal payments on note payable	(57,903)	(183,499)
Net cash flow from financing activities	(57,903)	1,828
CHANGE IN CASH AND CASH EQUIVALENTS	(1,278,316)	347,376
CASH AND CASH EQUIVALENTS - beginning of year	3,136,922	2,789,546
CASH AND CASH EQUIVALENTS - end of year	$ 1,858,606	$ 3,136,922
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	$ 11,145	$ 10,659

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 provides 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 $67,615 and $69,865 for the years ended June 30, 2011 and 2010, respectively.

UWGCR focuses on improving lives and community conditions across the Greater Capital Region. We do this by investing in programs and participating in initiatives that bring partners together around issues that require a collective response. Our work is based on the belief that together, united, we achieve far more than any single person or agency could alone.

During 2011, UWGCR issued grants to 100 local programs and special initiatives representing 56 agencies. More than 130,000 greater Capital Region residents benefited from United Way-funded programs in 2010-2011.

UWGCR also helped mobilize more than 1,300 volunteers who contributed their time and expertise to community projects, organizational leadership and planning, fundraising and more. UWGCR's volunteer efforts and grant making are focused on the categories of education, income and health, which research and experience have shown are the building blocks for a good quality of life.

EDUCATION

United Way invested in early childhood development programs, academic support for school-age children, employment training and skill building, adult literacy programs, parent support, school partnerships and more.

INCOME

United Way invested in programs that help families gain financial stability through asset and debt management, programs helping the homeless achieve independence, and tax preparation and counsel for income-eligible families. Much of this work is accomplished through the CA$H Coalition, a United Way-led partnership that helps low- and moderate-income families benefit from the Earned Income Tax Credit and other savings and learn financial management skills. United Way also supports programs that help people meet their basic needs by providing food, safe shelter and other critical assistance.

1. ORGANIZATION AND HISTORY (Continued)

HEALTH

United Way invested in programs that provide nutrition to children, the elderly and underserved populations; services helping senior citizens maintain independence; advocacy and help for domestic violence victims; mental health programs, referrals through United Way 2-1-1 Northeast Region and more. United Way 2-1-1 Northeast Region is a free and confidential telephone information and referral service that connects callers with community resources.

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.

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.

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 significant 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".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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.

The Organization utilized the net asset value (NAV) reported by the Organization's pension plan equity based mutual funds as a practical expedient for determining their fair value of the investment. These investments are redeemable at NAV on a daily basis with no prior notification period. The investments also have no unfunded commitments as of June 30, 2011 and 2010.

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 $422,491 and $411,399 as of June 30, 2011 and 2010, 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 contributions receivable of $100,000 and $65,000 as of June 30, 2011 and 2010, respectively, from estates in which they have been named beneficiary. The Organization expects to receive payment on these contributions during 2012.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 2011 or 2010.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Reporting (Continued)

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 9) as well as bequests that require investments in perpetuity.

Donated and Contributed Services

A number of "loaned executives" have donated 1,842 and 2,863 hours to the Organization's fund-raising campaigns during the years ended June 30, 2011 and 2010, 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, 2011 and 2010, the amount recognized was $37,291 and $57,976, respectively.

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 $78,985 and $99,978 for the year ended June 30, 2011 and 2010, 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 measured at fair value in the combined financial statements. These assets 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 domestic equity securities and mutual funds-equities and mutual funds-fixed income 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement – Definition and Hierarchy (Continued)
The Organization's investments in U.S. government bonds, equity based mutual funds, money market funds and beneficial interests in perpetual trusts are valued using Level 2 inputs. Fair value is determined using the market approach. The values were determined using market prices of similar assets. There were no changes in valuation techniques during the year.

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.

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.

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. As of June 30, 2011 and 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 generally no longer subject to U.S. federal and state income tax examinations by tax authorities for years before 2008.

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, 2010, from which the summarized information was derived.

3. INVESTMENTS

A summary of investments as of June 30, 2011 and 2010 is as follows:

	2011		2010	
	Cost	Market Value	Cost	Market Value
Mutual funds- equities	$ 726,621	$ 740,834	$ 1,228,359	$ 1,275,276
Mutual funds- fixed income	2,189,581	2,225,533	775,051	605,809
Domestic equities	45,434	45,434	441,874	383,549
U.S. government bonds	-	-	51,473	51,470
	$ 2,961,636	$ 3,011,801	$ 2,496,757	$ 2,316,104

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

For the years ended June 30, 2011 and 2010, the investments earned interest and dividends of $48,749 and $71,614, respectively. Incurred investment management fees for the years ended June 30, 2011 and 2010 were $10,168, and $17,727, respectively.

4. FAIR VALUE MEASUREMENTS

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

Description	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
June 30, 2011:				
Domestic equities	$ 45,434	$ -	$ -	$ 45,434
Mutual funds- equities	740,834	-	-	740,834
Mutual funds- fixed income	2,225,533	-	-	2,225,533
Money market funds	-	56,167	-	56,167
Beneficial interest in perpetual trust	-	475,623	-	475,623
	$ 3,011,801	$ 531,790	$ -	$ 3,543,591
June 30, 2010:				
Domestic equities	$ 383,549	$ -	$ -	$ 383,549
Mutual funds- equities	1,275,276	-	-	1,275,276
Mutual funds- fixed income	605,809	-	-	605,809
US Government Securities	-	51,470	-	51,470
Money market funds	-	290,056	-	290,056
Beneficial interest in perpetual trust	-	414,925	-	414,925
	$ 2,264,634	$ 756,451	$ -	$ 3,021,085

5. PROPERTY AND EQUIPMENT

The major classes of property and equipment consist of the following as of June 30, 2011 and 2010:

	2011	2010
Land	$ 102,300	$ 102,300
Building and building improvements	870,713	870,713
Office equipment	250,889	239,447
	1,223,902	1,212,460
Less: Accumulated depreciation	(753,573)	(688,616)
	$ 470,329	$ 523,844

Depreciation expense for the years ended June 30, 2011 and 2010 was $64,957 and $61,505, respectively.

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, 2011 and 2010). At June 30, 2011 and 2010, 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 $5,689. The balance due is $127,424 and $185,327 as of June 30, 2011 and 2010, respectively. Interest expense for the years ended June 30, 2011 and 2010 was $11,145 and $10,659, respectively. Final payment on the loan is due June 2013.

Future maturities of long-term debt are as follows:

Years Ending June 30,	
2012	$ 61,686
2013	65,738
	$ 127,424

8. TEMPORARILY RESTRICTED AND BOARD DESIGNATED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30, 2011 and 2010:

	2011	2010
Disaster relief	$ 9,373	$ 9,373
United in action	7,564	-
Born learning	5,057	5,057
MetLife grant - seniors	3,474	3,474
Young leaders	122	122
EITC program	-	10,000
Family festivals	-	5,465
CA$H grant	-	1,181
	$ 25,590	$ 34,672

Unrestricted – Board designated net assets are available for the following purposes at June 30, 2011 and 2010:

	2011	2010
Education intiative	$ 50,000	$ -
Technical assistance	30,250	32,750
Impact Councils	15,000	15,000
Success by Six	6,700	6,700
Time Dollar	6,006	6,006
Funds functioning as endowment	503,358	-
	$ 611,314	$ 60,456

9. PERMANENTLY RESTRICTED NET ASSETS

Beneficial Interest in Perpetual Trusts

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 in the value of this Trust in the amount of $60,698 and $35,472 during the years ended June 30, 2011 and 2010.

Other Permanently Restricted Net Assets

The Organization is the beneficiary of two contributions from estates for which the donor restricted the funds to be held in perpetuity. There are no restrictions placed on the income derived from these funds. The total amounts reported as permanently restricted for these contributions are $110,000 and $50,000 as of June 30, 2011 and 2010, respectively.

10. EMPLOYER RETIREMENT PLANS

On January 1, 2009 the Organization established a new 403(B) 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, 2011 and 2010, the employer contribution was approximately $0 and $8,870, respectively. In November of 2011, the Board of Directors approved a revision to the plan effective January 1, 2012, which includes an employer match of up to 4% of salary on employee contributions into the plan. In addition, the plan would include a service weighted automatic contribution of 3% of salary for employees with up to 10 years of service, and a 5% contribution for employees of over 10 years of service. A one year waiting period will be required for participation in the match portion of the plan.

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. In November 2011, the Board of Directors approved a hard freeze of the plan as of December 31, 2011. No new employees will be allowed into the plan after December 31, 2011.

Information relative to the defined benefit plan for the years ending June 30, 2011 and 2010 is as follows:

	2011	2010
Change in benefit obligations:		
Benefit obligation at beginning of year	$ 2,349,154	$ 2,035,031
Service cost	175,720	160,432
Interest cost	120,475	130,874
Change due to assumption change(s)	9,878	133,676
Actuarial (gains) losses	(141,666)	(92,124)
Expense charges	(24,231)	(13,391)
Annuities purchased or benefits paid	(474,628)	(5,344)
Benefit obligation at end of year	$ 2,014,702	$ 2,349,154
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 1,729,846	$ 1,459,101
Actual return (loss) on plan assets	271,141	109,980
Employer contributions	174,999	179,500
Annuities purchased or benefits paid	(474,628)	(5,344)
Expense charges	(24,231)	(13,391)
Fair value of plan assets at end of year	$ 1,677,127	$ 1,729,846
Funded status:		
(Under) funded status of the plan	$ (337,575)	$ (619,308)

10. EMPLOYER RETIREMENT PLAN (Continued)

The following shows the development of net periodic benefit cost as of June 30, 2011 and 2010:

	2011	2010
Service cost	$ 175,720	$ 160,432
Interest cost	120,475	130,874
Expected return on plan assets	(135,391)	(115,461)
Amount of recognized actuarial losses	10,133	16,392
Amount of losses recognized due to settlement	54,846	-
Net periodic benefit cost	$ 225,783	$ 192,237

Financial Statement Recognition

As of June 30, 2011 and 2010, the following amounts were recognized in the combined statement of financial position:

	2011	2010
As a liability	$ (337,575)	$ (619,308)

As of June 30, 2011 and 2010, the following amounts were recognized in the combined statement of activities and changes in net assets:

	2011	2010
Net periodic benefit cost	$ 225,783	$ 192,237
Changes in accrued pension costs	$ 332,517	$ 30,641

Unamortized Items

As of June 30, 2011 and 2010, the following items included in net assets had not yet been recognized as a component of benefit expense:

	2010	2009
(Gains)/Losses	$ 243,697	$ 576,214
Total unamortized items	$ 243,697	$ 576,214

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

(Gains)/Losses	$ 3,170
Total unamortized items	$ 3,170

10. EMPLOYER RETIREMENT PLAN (Continued)

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, 2011 and 2010:

	2011	2010
Discount Rate	5.25%	5.25%
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% for the years ended June 30, 2011 and 2010. An average inflation rate of 3.75% was selected for the years 2011 and 2010, and added to the real rate of return range to arrive at a best estimate range of 6.97% – 8.54%. 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, 2011 and 2010, by asset category are as follows:

	2011 Actual Allocation	2011 Percentage Allocation	2010 Actual Allocation	2010 Percentage Allocation
Mutual funds- equity based	$ 1,132,835	67.55%	$ 795,613	45.99%
Money market	544,292	32.45%	934,233	54.01%
	$ 1,677,127	100.00%	$ 1,729,846	100.00%

10. EMPLOYER RETIREMENT PLAN (Continued)

Plan Assets (Continued)

The fair values of the Organization's Plan assets at June 30, 2011 and 2010 are as follows:

Description	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
June 30, 2011:				
Mutual funds- equity based	$ -	$ 1,132,835	$ -	$ 1,132,835
Money market	544,292	-	-	544,292
	$ 544,292	$ 1,132,835	$ -	$ 1,677,127
June 30, 2010:				
Mutual funds- equity based	$ -	$ 795,613	$ -	$ 795,613
Money market	934,233	-	-	934,233
	$ 934,233	$ 795,613	$ -	$ 1,729,846

Contributions

The Organization contributed $174,999 and $179,500 to the defined benefit plan for the years ended June 30, 2011 and 2010, respectively. The Organization expects to contribute approximately $170,000 to this plan in 2011.

Estimated Future Benefit Payments

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

2012	$ 218,000
2013	-
2014	808,000
2015	18,000
2016	355,000
2017-2020	407,000
	$ 1,806,000

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

11. RECONCILIATION OF PLEDGE INCOME

Fund-raising campaign results for the Fall 2010 and 2009 campaigns were as follows:

	2011	2010
Total campaign pledges	$ 7,383,358	$ 7,985,594
Less:		
Amounts collected prior to June 30th	3,928,567	4,368,619
Allowance for doubtful accounts	422,491	411,999
Pledges receivable	$ 3,032,300	$ 3,204,976

12. ENDOWMENT

The Organization's endowment consists of funds established to provide investment income to be used for fundraising and operating costs so that a higher percentage of donor contributions can be directed to the Community Care Fund. Its endowment includes donor-restricted and board designated endowments. As required by generally accepted accounting principles, net assets associated with endowment funds including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence of donor-imposed restrictions.

Endowment net asset composition by fund type as of June 30, 2011 is as follows:

	Board Designated	Permanently Restricted	Total
Endowment funds	$ 503,358	$ 585,623	$ 1,088,981

Return Objectives and Risk Parameters
Investments of the Board-designated funds will be made for the purpose of providing supplemental funding of fundraising and operational activities. The permanently restricted assets are those donor-restricted funds that the Organization must hold in perpetuity.

Return Objectives and Risk Parameters (Continued)
The Organization recognizes that risk (i.e. the uncertainty of future events), volatility (i.e. the potential for variability of asset values), and the possibility of loss in purchasing power (due to inflation) are present to some degree in all types of investment vehicles. While high levels of risk are to be avoided, the assumption of some risk is warranted in order to allow the investment manager the opportunity to achieve satisfactory long term results consistent with the objectives of the fund.

Strategies Employed for Achieving Objectives
The Organization has adopted investment and spending policies for endowment assets that attempt to maintain the corpus of the fund while allowing the account to grow in order to provide a resource for occasional funding to programs supported by its endowment. Endowment assets include only unrestricted and permanently restricted funds as of June 30, 2011 and 2010. Under this policy, as approved by the Board of Directors, the endowment assets are invested primarily in stocks (generally targeted at 35-55% of the fund), bonds (38-52%) and commodities (2-8%). No target growth rate is stated or implied by the Organization's investment objectives. Actual investment returns in any given year may vary.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation (see information above) that places a greater emphasis on equity and bond based investments to achieve its long-term return objectives with prudent risk constraints.

Management periodically presents system level initiatives that they feel worthy of Organization support. The Organization's Board reviews these suggestions and appropriates money on occasion for items they deem worthwhile. There is no annual target for expenditures.

12. ENDOWMENT (CONTINUED)

Strategies Employed for Achieving Objectives (Continued)

The governing board has interpreted the applicable provisions of New York Not-for-Profit Corporation Law to mean that the classification of appreciation on its permanently restricted endowment gifts, beyond the original gift amount, follows the donor's restrictions on the use of the related income (interest and dividends), and income is classified as temporarily restricted until appropriated for expenditure. As of June 30, 2011, all income related to permanently restricted net assets has been expended consistent with donor intent.

13. SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 6, 2012, 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, 2011
(With Comparative Totals for 2010)

	United Way of the Greater Capital Region, Inc.	Capital Region Combined Federal Campaign	State Employees Federated Appeal	Eliminations	Total 2011	2010
ASSETS						
Cash and cash equivalents	$ 1,189,665	$ 130,957	$ 537,984	$ -	$ 1,858,606	$ 3,136,922
Investments	3,011,801	-	-	-	3,011,801	2,316,104
Pledges receivable, net of allowance for uncollectible pledges	1,985,804	187,001	1,092,633	(233,138)	3,032,300	3,204,976
Contributions receivable	100,000	-	-	-	100,000	65,000
Other receivables	281,578	-	-	(234,549)	47,029	11,623
Prepaid expenses	35,981	-	294	-	36,275	11,787
Property and equipment, net	470,329	-	-	-	470,329	523,844
Beneficial interest in perpetual trust	475,623	-	-	-	475,623	414,925
	$ 7,550,781	$ 317,958	$ 1,630,911	$ (467,687)	$ 9,031,963	$ 9,685,181
LIABILITIES AND NET ASSETS						
LIABILITIES:						
Note payable	$ 127,424	$ -	$ -	$ -	$ 127,424	$ 185,327
Accounts payable and accrued expenses	133,100	-	-	-	133,100	108,076
Due to affiliated agencies	1,589,296	96,632	371,055	(467,687)	1,589,296	2,255,497
Due to designated agencies	954,124	221,326	1,259,715	-	2,435,165	2,867,914
Accrued pension cost	337,575	-	-	-	337,575	619,308
Total liabilities	3,141,519	317,958	1,630,770	(467,687)	4,622,560	6,036,122
NET ASSETS:						
Unrestricted -						
Undesignated	3,186,735	-	141	-	3,186,876	3,089,006
Board designated	611,314	-	-	-	611,314	60,456
Total unrestricted	3,798,049	-	141	-	3,798,190	3,149,462
Temporarily restricted	25,590	-	-	-	25,590	34,672
Permanently restricted	585,623	-	-	-	585,623	464,925
Total net assets	4,409,262	-	141	-	4,409,403	3,649,059
	$ 7,550,781	$ 317,958	$ 1,630,911	$ (467,687)	$ 9,031,963	$ 9,685,181

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, 2011
(With Comparative Totals for 2010)

	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	2010
SUPPORT, REVENUE AND GAINS:									
Support									
Contributions received - United Way Campaign	$ 5,024,937	$ -	$ -	$ 5,024,937	$ 357,240	$ 2,376,117	$ (393,808)	$ 7,364,486	$ 7,984,689
Contributions received - Other	620,498	-	-	620,498	-	-	-	620,498	541,474
Less: Donor designations	(816,588)	-	-	(816,588)	(265,565)	(1,799,375)	-	(2,881,528)	(3,333,391)
Allowance for uncollectible pledges	(350,000)	-	-	(350,000)	(13,347)	(59,054)	-	(422,401)	(411,399)
Subtotal	4,478,847	-	-	4,478,847	78,328	517,688	(393,808)	4,681,055	4,781,373
Events	33,754	-	-	33,754	-	-	-	33,754	9,734
Contributed goods and services	4,287	-	-	4,287	-	34,729	-	39,016	57,976
Grants	117,058	67,150	-	184,208	-	-	-	184,208	347,328
Legacies and bequests	20,744	-	60,000	80,744	-	-	-	80,744	20,763
Net assets released from restrictions	76,232	(76,232)	-	-	-	-	-	-	-
Total support	4,730,922	(9,082)	60,000	4,781,840	78,328	552,417	(393,808)	5,018,777	5,217,174
Revenue and gains									
Interest and dividends	47,895	-	-	47,895	56	798	-	48,749	71,614
Realized (losses) on sale of investments	380,903	-	-	380,903	-	-	-	380,903	(70,074)
Unrealized gains (losses) on investments	(25,147)	-	-	(25,147)	-	-	-	(25,147)	268,115
Unrealized gains (losses) permanently restricted	-	-	60,698	60,698	-	-	-	60,698	35,472
Rental revenue	41,289	-	-	41,289	-	-	-	41,289	43,450
Total revenue and gains	444,940	-	60,698	505,638	56	798	-	506,492	348,577
Total support, revenue, and gains	5,175,862	(9,082)	120,698	5,287,478	78,384	553,215	(393,808)	5,525,269	5,565,751
EXPENSES:									
Program services									
Community building programs	3,271,012	-	-	3,271,012	-	205,147	-	3,476,159	3,872,464
SEFA and CFC	368,874	-	-	368,874	-	-	-	368,874	366,320
Total program services	3,639,886	-	-	3,639,886	-	205,147	-	3,845,033	4,238,784
Supporting services									
Management and general	646,629	-	-	646,629	4,700	4,000	(8,700)	646,629	884,222
Fund-raising									
Resource development	571,049	-	-	571,049	73,684	346,155	(385,108)	605,780	503,967
Total supporting services and fund-raising	1,217,678	-	-	1,217,678	78,384	350,155	(393,808)	1,252,409	1,388,189
Total expenses	4,857,564	-	-	4,857,564	78,384	555,302	(393,808)	5,097,442	5,626,973
CHANGE IN NET ASSETS BEFORE CHANGE IN PENSION COST	318,298	(9,082)	120,698	429,914	-	(2,087)	-	427,827	(61,222)
PENSION CHANGES OTHER THAN NET PERIODIC COSTS									
Pension related changes other than net periodic cost	332,517	-	-	332,517	-	-	-	332,517	(30,641)
CHANGE IN NET ASSETS	650,815	(9,082)	120,698	762,431	-	(2,087)	-	760,344	(91,863)
NET ASSETS - beginning of year	3,147,234	34,672	464,925	3,646,831	-	2,228	-	3,649,059	3,740,922
NET ASSETS - end of year	$ 3,798,049	$ 25,590	$ 585,623	$ 4,409,262	$ -	$ 141	$ -	$ 4,409,403	$ 3,649,059

The accompanying notes are an integral part of these schedules.