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, 2012
Together with
Independent Auditors' Report

Bonadio & Co., LLP
Certified Public Accountants

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

December 14, 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, 2012, 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 2011 combined financial statements and, in our report dated January 6, 2012, 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, 2012, 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.

6 Wembley Court
Albany, New York 12205
p (518) 464-4080
f (518) 464-4087

ROCHESTER • BUFFALO
ALBANY • SYRACUSE
NYC • PERRY • GENEVA

www.bonadio.com

(Continued)

INDEPENDENT AUDITORS' REPORT
(Continued)

Our audit was conducted for the purpose of forming an opinion on the combined financial statements of United Way of the Greater Capital Region, Inc., Capital Region Combined Federal Campaign and State Employees Federated Appeal 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 activities of the individual entities, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

The 2011 supplemental information is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information has been subject to the auditing procedures applied in the audit of those combined financial statements, and in our opinion, the 2011 supplementary information is fairly stated in all material respects in relation to the combined financial statements from which it has been derived.

Bonadio & Co., LLP

**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, 2012**
(With Comparative Totals for 2011)

	2012	2011
ASSETS		
Cash and cash equivalents	$ 1,617,517	$ 1,858,606
Investments	2,919,579	3,011,801
Pledges receivable, net of allowance for uncollectible pledges	2,774,505	3,032,300
Contributions receivable	72,500	100,000
Other receivables	38,305	47,029
Prepaid expenses	20,484	36,275
Property and equipment, net	429,184	470,329
Beneficial interest in perpetual trust	444,743	475,623
	$ 8,316,817	$ 9,031,963
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Note payable	$ 65,737	$ 127,424
Accounts payable and accrued expenses	130,891	133,100
Due to affiliated agencies	1,605,792	1,589,296
Due to designated agencies	2,255,294	2,435,165
Accrued pension cost	227,220	337,575
Total liabilities	4,284,934	4,622,560
NET ASSETS:		
Unrestricted -		
Undesignated	2,623,295	3,186,876
Board designated	828,380	611,314
Total unrestricted	3,451,675	3,798,190
Temporarily restricted	25,465	25,590
Permanently restricted	554,743	585,623
Total net assets	4,031,883	4,409,403
	$ 8,316,817	$ 9,031,963

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, 2012
(With Comparative Totals for 2011)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2012	2011
SUPPORT, REVENUE AND GAINS:					
Support					
Contributions received - United Way Campaign	$ 6,790,182	$ -	$ -	$ 6,790,182	$ 7,364,486
Contributions received - Other	434,373	-	-	434,373	620,498
Less: Donor designations	(2,486,745)	-	-	(2,486,745)	(2,881,528)
Allowance for uncollectible pledges	(408,878)	-	-	(408,878)	(422,401)
Subtotal	4,328,932	-	-	4,328,932	4,681,055
Events	47,924	-	-	47,924	33,754
Contributed goods and services	41,652	-	-	41,652	39,016
Grants	187,817	-	-	187,817	184,208
Legacies and bequests	34,713	-	-	34,713	80,744
Net assets released from restrictions	125	(125)	-	-	-
Total support	4,641,163	(125)	-	4,641,038	5,018,777
Revenue and gains					
Interest and dividends	79,137	-	-	79,137	48,749
Gains (losses) on investments	(113,397)	-	-	(113,397)	355,756
Gains (losses) permanently restricted	-	-	(30,880)	(30,880)	60,698
Rental revenue	44,630	-	-	44,630	41,289
Total revenue and gains	10,370	-	(30,880)	(20,510)	506,492
Total support, revenue, and gains	4,651,533	(125)	(30,880)	4,620,528	5,525,269
EXPENSES:					
Program services					
Community building programs	3,330,447	-	-	3,330,447	3,476,159
SEFA and CFC	433,452	-	-	433,452	368,874
Total program services	3,763,899	-	-	3,763,899	3,845,033
Supporting services					
Management and general	850,382	-	-	850,382	646,629
Fund-raising					
Resource development	462,926	-	-	462,926	605,780
Total supporting services and fund-raising	1,313,308	-	-	1,313,308	1,252,409
Total expenses	5,077,207	-	-	5,077,207	5,097,442
CHANGE IN NET ASSETS BEFORE CHANGE IN PENSION COST	(425,674)	(125)	(30,880)	(456,679)	427,827
PENSION CHANGES OTHER THAN NET PERIODIC COSTS					
Pension related changes other than net periodic cost	79,159	-	-	79,159	332,517
CHANGE IN NET ASSETS	(346,515)	(125)	(30,880)	(377,520)	760,344
NET ASSETS - beginning of year,	3,798,190	25,590	585,623	4,409,403	3,649,059
NET ASSETS - end of year	$ 3,451,675	$ 25,465	$ 554,743	$ 4,031,883	$ 4,409,403

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, 2012
(With Comparative Totals for 2011)

	Management and General	SEFA and CFC	Resource Development	Community Building Programs	Total 2012	2011
Salaries	$ 456,926	$ 95,427	$ 248,739	$ 364,093	$ 1,165,185	$ 1,317,831
Employee benefits and payroll taxes	91,320	19,072	49,713	72,767	232,872	264,955
Retirement expenses	49,985	10,439	27,210	39,829	127,463	224,616
Temporary employees	3,925	820	2,137	3,128	10,010	8,502
Independent contractor	-	-	-	213	213	192
Total salaries and related expenses	602,156	125,758	327,799	480,030	1,535,743	1,816,096
Community Care Fund allocations	-	-	-	2,250,748	2,250,748	2,153,278
Federated campaign expenses	-	267,801	-	-	267,801	172,578
Program expenses	-	-	-	189,146	189,146	14,438
Distributions to agencies	-	-	-	157,309	157,309	205,147
Publicity and promotion	60,792	-	33,094	48,441	142,327	163,608
Subscriptions and dues	39,782	-	21,656	31,699	93,137	97,406
Professional services and fees	36,359	-	19,793	28,972	85,124	82,556
Grants and technical assistance	-	-	-	55,420	55,420	78,985
Equipment expenses	22,031	-	11,993	17,555	51,579	59,178
Printing and supplies	21,537	-	11,724	17,161	50,422	48,801
Occupancy	18,883	-	10,279	15,048	44,210	51,102
Loaned executive expense	-	39,893	-	-	39,893	37,291
Meetings and development	15,296	-	8,327	12,189	35,812	49,826
Telephone and postage	11,275	-	6,138	8,984	26,397	18,442
Travel and related costs	10,243	-	5,576	8,162	23,981	26,152
Miscellaneous	5,448	-	2,965	4,341	12,754	6,775
Insurance	3,771	-	2,053	3,005	8,829	5,630
Interest	2,809	-	1,529	2,237	6,575	10,153
	$ 850,382	$ 433,452	$ 462,926	$ 3,330,447	$ 5,077,207	$ 5,097,442

The accompanying notes are an integral part of these statements.

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

COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012
(With Comparative Totals for 2011)

	2012	2011
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ (377,520)	$ 760,344
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	51,579	64,957
Provision for bad debts	(13,613)	11,092
(Gains) losses on investments	113,397	(355,756)
(Gains) losses on permanently restricted	30,880	(60,698)
Change in accrued pension cost related to non-cash actuarial changes	(79,159)	(332,517)
Changes in:		
Pledges receivable	271,408	161,584
Contributions receivable	27,500	(35,000)
Other receivables	8,724	(35,406)
Prepaid expenses	15,791	(24,488)
Accounts payable and accrued expenses	(2,209)	25,024
Due to affiliated agencies	16,496	(666,201)
Due to designated agencies	(179,871)	(432,749)
Accrued pension cost	(31,196)	50,784
Net cash flow from operating activities	(147,793)	(869,030)
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of investments	(65,419)	(3,242,220)
Proceeds from sales of investments	44,244	2,902,279
Purchased of property and equipment	(10,434)	(11,442)
Net cash flow from investing activities	(31,609)	(351,383)
CASH FLOW FROM FINANCING ACTIVITIES:		
Principal payments on note payable	(61,687)	(57,903)
Net cash flow from financing activities	(61,687)	(57,903)
CHANGE IN CASH AND CASH EQUIVALENTS	(241,089)	(1,278,316)
CASH AND CASH EQUIVALENTS - beginning of year	1,858,606	3,136,922
CASH AND CASH EQUIVALENTS - end of year	$ 1,617,517	$ 1,858,606
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for interest	$ 6,575	$ 11,145

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 lives and advance the common good in the Capital Region by mobilizing the caring power of donors, volunteers, and community partners to give, volunteer, and advocate for people in need within our region.

Our vision is to be a recognized leader in the development and investment of philanthropic and volunteer resources in programs and initiatives that improve the quality of life for children, families, elders, and people in need. We will accomplish this by investing resources in programs that address needs in the area of early childhood education and health, income, and financial stability of low income families and individuals, and for the Basic Needs of our communities most vulnerable.

United Way of the Greater Capital Region, Inc. is a member of the 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 WorldWide based on a percentage of annual contributions received. This membership fee paid to United Way WorldWide was $63,636 and $67,615 for the years ended June 30, 2012 and 2011, 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 2012, UWGCR issued grants to 96 local programs and special initiatives representing 56 agencies. More than 100,000 Greater Capital Region residents benefited from United Way-funded programs in 2011-2012.

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.

1. ORGANIZATION AND HISTORY (Continued)

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.

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.

BASIC NEEDS

United Way invested in safety net services that provide food, shelter, safety, independence for people with physical and developmental disabilities, and safe places for children after school.

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. LFCC selected United Way of the Greater Capital Region, Inc. to serve in this capacity for the year ended June 30, 2012. In addition, the LFCC selected UWGCR to manage and serve as fiscal agent for the 2012 Campaign. Due to consolidations intended to reduce overhead costs, the United States Office of Personnel Management has made the decision to have the campaign managed by another voluntary organization thereafter.

1. ORGANIZATION AND HISTORY (Continued)

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and 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, 2012 and 2011.

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 $408,878 and $422,491 as of June 30, 2012 and 2011, 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.

Contributions Receivable

The Organization has recorded contributions receivable of $72,500 and $100,000 as of June 30, 2012 and 2011, respectively, from estates in which they have been named beneficiary. The Organization expects to receive payment on these contributions during 2013.

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 2012 or 2011.

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

Donated and Contributed Services

A number of “loaned executives” have donated 2,143 and 1,842 hours to the Organization’s fund-raising campaigns during the years ended June 30, 2012 and 2011, 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, 2012 and 2011, the amount recognized was $41,652 and $39,016, 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 $142,327 and $163,608 for the year ended June 30, 2012 and 2011, 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.

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, mutual funds-equities, mutual funds-fixed income, and money market funds 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 investments in equity based mutual funds related to the pension plan assets 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.

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.

There were no changes in valuation techniques during the year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments Measured at Fair Value (Continued)
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, 2012 and 2011, 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 tax examinations by tax authorities for years before 2009.

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, 2011, from which the summarized information was derived.

3. INVESTMENTS

A summary of investments as of June 30, 2012 and 2011 is as follows:

	2012		2011	
	Cost	Market Value	Cost	Market Value
Mutual funds- equities	$ 766,597	$ 721,152	$ 726,621	$ 740,834
Mutual funds- fixed income	2,257,112	2,198,427	2,189,581	2,225,533
Domestic equities	-	-	45,434	45,434
	$ 3,023,709	$ 2,919,579	$ 2,961,636	$ 3,011,801

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

For the years ended June 30, 2012 and 2011, the investments earned interest and dividends of $79,137 and $48,749, respectively. There were no investment management fees incurred for the year ended June 30, 2012. Incurred investment management fees for the year ended June 30, 2011 were $10,168.

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, 2012:				
Mutual funds- equities	$ 721,152	$ -	$ -	$ 721,152
Mutual funds- fixed income	2,198,427	-	-	2,198,427
Money market funds	141,573	-	-	141,573
Beneficial interest in perpetual trust	-	444,743	-	444,743
	$ 3,061,152	$ 444,743	$ -	$ 3,505,895
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
	$ 3,067,968	$ 475,623	$ -	$ 3,543,591

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	2012	2011
Land	$ 102,300	$ 102,300
Building and building improvements	873,213	870,713
Office equipment	258,823	250,889
	1,234,336	1,223,902
Less: Accumulated depreciation	(805,152)	(753,573)
	$ 429,184	$ 470,329

Depreciation expense for the years ended June 30, 2012 and 2011 was $51,579 and $64,957, 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, 2012 and 2011). At June 30, 2012 and 2011, there was no outstanding balance on the line of credit.

7. NOTE PAYABLE

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 $65,737 and $127,424 as of June 30, 2012 and 2011, respectively. Interest expense for the years ended June 30, 2012 and 2011 was $6,575 and $11,145, respectively. Final payment on the loan is due June 2013.

Future maturities of long-term debt are as follows:

Years Ending June 30,	
2013	$ 65,737

8. TEMPORARILY RESTRICTED AND BOARD DESIGNATED NET ASSETS

Temporarily restricted net assets are available for the following purposes at June 30, 2012 and 2011:

	2012	2011
Disaster relief	$ 20,000	$ 9,373
United in action	408	7,564
Born learning	5,057	5,057
MetLife grant - seniors	-	3,474
Young leaders	-	122
	$ 25,465	$ 25,590

Unrestricted – Board designated net assets are available for the following purposes at June 30, 2012 and 2011:

	2012	2011
Education intiative	$ 170,000	$ 50,000
Income initiative	85,000	-
ELAP	15,000	-
Technical assistance	26,750	30,250
Impact Councils	15,000	15,000
Success by Six	6,700	6,700
Time Dollar	6,006	6,006
Funds functioning as endowment	503,924	503,358
	$ 828,380	$ 611,314

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 a loss in the value of this Trust in the amount of $30,880 during the year ended June 30, 2012. The Organization recognized a gain in the value of this Trust in the amount of $60,698 during the year ended June 30, 2011.

Other Permanently Restricted Net Assets

The Organization is the beneficiary of two bequests 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 for both years ending June 30, 2012 and 2011.

10. EMPLOYER RETIREMENT PLANS

On January 1, 2009, the Organization established a 403(b) plan for its employees. Employer contributions to the Plan are determined annually by the Board of Directors. 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 to the Plan. In addition, the Plan includes 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 is required for participation in the match portion of the Plan. During the years ended June 30, 2012 and 2011, the employer contribution was $36,884 and $0 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. In November 2011, the Board of Directors approved a hard freeze of the Plan effective as of December 31, 2011. No new employees are allowed to enter this Plan after December 31, 2011.

10. EMPLOYER RETIREMENT PLANS (Continued)

Information relative to the defined benefit plan for the years ended June 30, 2012 and 2011 is as follows:

	2012	2011
Change in benefit obligations:		
Benefit obligation at beginning of year	$ 2,014,702	$ 2,349,154
Service cost	81,527	175,720
Interest cost	104,901	120,475
Change due to plan amendment	(367,373)	-
Change due to assumption change(s)	77,455	9,878
Actuarial (gains) losses	161,293	(141,666)
Expense charges	(13,011)	(24,231)
Annuities purchased or benefits paid	(51,515)	(474,628)
Benefit obligation at end of year	$ 2,007,979	$ 2,014,702
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 1,677,127	$ 1,729,846
Actual return on plan assets	75,241	271,141
Employer contributions	92,917	174,999
Annuities purchased or benefits paid	(51,515)	(474,628)
Expense charges	(13,011)	(24,231)
Fair value of plan assets at end of year	$ 1,780,759	$ 1,677,127
Funded status:		
(Under) funded status of the plan	$ (227,220)	$ (337,575)

The following shows the development of net periodic benefit cost for the years ended June 30:

	2012	2011
Service cost	$ 81,527	$ 175,720
Interest cost	104,901	120,475
Expected return on plan assets	(126,271)	(135,391)
Amount of recognized actuarial losses	1,564	10,133
Amount of losses recognized due to settlement	-	54,846
Net periodic benefit cost	$ 61,721	$ 225,783

Financial Statement Recognition

As of June 30, 2012 and 2011, the following amounts were recognized in the combined statement of financial position:

	2012	2011
As a liability	$ (227,220)	$ (337,575)

10. EMPLOYER RETIREMENT PLANS (Continued)

Financial Statement Recognition (Continued)
As of June 30, 2012 and 2011, the following amounts were recognized in the combined statement of activities and changes in net assets:

	2012	2011
Net periodic benefit cost	$ 61,721	$ 225,783
Changes in accrued pension costs	$ 79,159	$ 332,517

Unamortized Items
As of June 30, 2012 and 2011, the following items included in net assets had not yet been recognized as a component of benefit expense:

	2012	2011
Unamortized (gains)/losses	$ 164,538	$ 243,697

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:

	2012	2011
Discount rate	3.75%	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, 2012 and 2011. An average inflation rate of 3.75% was selected for the years 2012 and 2011, and added to the real rate of return range to arrive at a best estimate range of 7.13% – 8.75%. 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.

10. EMPLOYER RETIREMENT PLANS (Continued)

Plan Assets

The Plans weighted-average asset allocations as of June 30, 2012 and 2011, by asset category are as follows:

	2012 Actual Allocation	2012 Percentage Allocation	2011 Actual Allocation	2011 Percentage Allocation
Mutual funds- equity based	$ 233,280	13.10%	$ 1,132,835	67.55%
Fixed income	5,035	0.28%	-	0.00%
Money market	1,542,444	86.62%	544,292	32.45%
	$ 1,780,759	100.00%	$ 1,677,127	100.00%

The fair values of the Organization's Plan assets at June 30, 2012 and 2011 are as follows:

Description	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total
June 30, 2012:				
Mutual funds- equity based	$ -	$ 233,280	$ -	$ 233,280
Fixed income	5,035	-	-	5,035
Money market	1,542,444	-	-	1,542,444
	$ 1,547,479	$ 233,280	$ -	$ 1,780,759
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

Contributions

The Organization contributed $92,917 and $174,999 to this Plan for the years ended June 30, 2012 and 2011, respectively. The Organization expects to contribute approximately $50,000 to this Plan in 2013.

Estimated Future Benefit Payments

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

2013	$ 276,000
2014	64,000
2015	102,000
2016	381,000
2017	91,000
2018-2021	562,000
	$ 1,476,000

11. RECONCILIATION OF PLEDGE INCOME

Fund-raising campaign results for the Fall 2011 and 2010 campaigns were as follows:

	2011 Campaign	2010 Campaign
Total campaign pledges	$ 6,790,182	$ 7,364,486
Less:		
Amounts collected prior to June 30th	3,606,799	3,909,695
Allowance for doubtful accounts	408,878	422,491
Pledges receivable	$ 2,774,505	$ 3,032,300

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, 2012 and 2011 is as follows:

	Board Designated	Permanently Restricted	Total
June 30, 2012:			
Endowment funds	$ 503,924	$ 554,743	$ 1,058,667
June 30, 2011:			
Endowment funds	$ 503,358	$ 585,623	$ 1,088,981

12. ENDOWMENT (Continued)

Changes in endowment net assets for the years ended June 30, 2012 and 2011 are as follows:

`

	Board Designated	Permanently Restricted	Total
Endowment net assets - July 1, 2010	$ -	$ 464,925	$ 464,925
Contributions	500,000	60,000	560,000
Net appreciation (depreciation)	3,358	60,698	64,056
Endowment net assets - June 30, 2011	$ 503,358	$ 585,623	$ 1,088,981
Net appreciation (depreciation)	566	(30,880)	(30,314)
Endowment net assets - June 30, 2012	$ 503,924	$ 554,743	$ 1,058,667

Return Objectives and Risk Parameters
Investments of the Board-designated funds are 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.

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, 2012 and 2011. 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.

12. ENDOWMENT (Continued)

Strategies Employed for Achieving Objectives (Continued)

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.

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, 2012, all income related to permanently restricted net assets has been expended consistent with donor intent.

13. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 14, 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, 2012
(With Comparative Totals for 2011)

	United Way of the Greater Capital Region, Inc.	Capital Region Combined Federal Campaign	State Employees Federated Appeal	Eliminations	Total 2012	2011
ASSETS						
Cash and cash equivalents	$ 955,724	$ 106,657	$ 555,136	$ -	$ 1,617,517	$ 1,858,606
Investments	2,919,579	-	-	-	2,919,579	3,011,801
Pledges receivable, net	1,981,371	165,254	855,339	(227,459)	2,774,505	3,032,300
Contributions receivable	72,500	-	-	-	72,500	100,000
Other receivables	227,281	-	-	(188,976)	38,305	47,029
Prepaid expenses	20,484	-	-	-	20,484	36,275
Property and equipment, net	429,184	-	-	-	429,184	470,329
Beneficial interest in perpetual trust	444,743	-	-	-	444,743	475,623
	$ 7,050,866	$ 271,911	$ 1,410,475	$ (416,435)	$ 8,316,817	$ 9,031,963
LIABILITIES AND NET ASSETS						
LIABILITIES:						
Note payable	$ 65,737	$ -	$ -	$ -	$ 65,737	$ 127,424
Accounts payable and accrued expenses	130,891	-	-	-	130,891	133,100
Due to affiliated agencies	1,605,792	92,042	324,393	(416,435)	1,605,792	1,589,296
Due to designated agencies	989,589	179,869	1,085,836	-	2,255,294	2,435,165
Accrued pension cost	227,220	-	-	-	227,220	337,575
Total liabilities	3,019,229	271,911	1,410,229	(416,435)	4,284,934	4,622,560
NET ASSETS:						
Unrestricted -						
Undesignated	2,623,049	-	246	-	2,623,295	3,186,876
Board designated	828,380	-	-	-	828,380	611,314
Total unrestricted	3,451,429	-	246	-	3,451,675	3,798,190
Temporarily restricted	25,465	-	-	-	25,465	25,590
Permanently restricted	554,743	-	-	-	554,743	585,623
Total net assets	4,031,637	-	246	-	4,031,883	4,409,403
	$ 7,050,866	$ 271,911	$ 1,410,475	$ (416,435)	$ 8,316,817	$ 9,031,963

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, 2012
(With Comparative Totals for 2011)

	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	2011
SUPPORT, REVENUE AND GAINS:									
Support									
Contributions received - United Way Campaign	$ 4,903,079	$ -	$ -	$ 4,903,079	$ 319,670	$ 1,881,931	$ (314,498)	$ 6,790,182	$ 7,364,486
Contributions received - Other	434,373	-	-	434,373	-	-	-	434,373	620,498
Less: Donor designations	(815,258)	-	-	(815,258)	(233,610)	(1,437,877)	-	(2,486,745)	(2,881,528)
Allowance for uncollectible pledges	(350,000)	-	-	(350,000)	(11,913)	(46,965)	-	(408,878)	(422,401)
Subtotal	4,172,194	-	-	4,172,194	74,147	397,089	(314,498)	4,328,932	4,681,055
Events	47,924	-	-	47,924	-	-	-	47,924	33,754
Contributed goods and services	1,760	-	-	1,760	-	39,892	-	41,652	39,016
Grants	187,817	-	-	187,817	-	-	-	187,817	184,208
Legacies and bequests	34,713	-	-	34,713	-	-	-	34,713	80,744
Net assets released from restrictions	125	(125)	-	-	-	-	-	-	-
Total support	4,444,533	(125)	-	4,444,408	74,147	436,981	(314,498)	4,641,038	5,018,777
Revenue and gains									
Interest and dividends	78,463	-	-	78,463	84	590	-	79,137	48,749
Gains (losses) on investments	(113,397)	-	-	(113,397)	-	-	-	(113,397)	355,756
Gains (losses) permanently restricted	-	-	(30,880)	(30,880)	-	-	-	(30,880)	60,698
Rental revenue	44,630	-	-	44,630	-	-	-	44,630	41,289
Total revenue and gains	9,696	-	(30,880)	(21,184)	84	590	-	(20,510)	506,492
Total support, revenue, and gains	4,454,229	(125)	(30,880)	4,423,224	74,231	437,571	(314,498)	4,620,528	5,525,269
EXPENSES:									
Program services									
Community building programs	3,173,138	-	-	3,173,138	-	157,309	-	3,330,447	3,476,159
SEFA and CFC	433,452	-	-	433,452	-	-	-	433,452	368,874
Total program services	3,606,590	-	-	3,606,590	-	157,309	-	3,763,899	3,845,033
Supporting services									
Management and general	850,382	-	-	850,382	4,700	4,000	(8,700)	850,382	646,629
Fund-raising									
Resource development	423,036	-	-	423,036	69,531	276,157	(305,798)	462,926	605,780
Total supporting services and fund-raising	1,273,418	-	-	1,273,418	74,231	280,157	(314,498)	1,313,308	1,252,409
Total expenses	4,880,008	-	-	4,880,008	74,231	437,466	(314,498)	5,077,207	5,097,442
CHANGE IN NET ASSETS BEFORE CHANGE IN PENSION COST	(425,779)	(125)	(30,880)	(456,784)	-	105	-	(456,679)	427,827
PENSION CHANGES OTHER THAN NET PERIODIC COSTS									
Pension related changes other than net periodic cost	79,159	-	-	79,159	-	-	-	79,159	332,517
CHANGE IN NET ASSETS	(346,620)	(125)	(30,880)	(377,625)	-	105	-	(377,520)	760,344
NET ASSETS - beginning of year	3,798,049	25,590	585,623	4,409,262	-	141	-	4,409,403	3,649,059
NET ASSETS - end of year	$ 3,451,429	$ 25,465	$ 554,743	$ 4,031,637	$ -	$ 246	$ -	$ 4,031,883	$ 4,409,403

The accompanying notes are an integral part of these schedules.