



**United Way of Greater
Richmond & Petersburg**

Financial Statements

June 30, 2011 and 2010

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Table of Contents

	<u>Page</u>
Report of Independent Accountants	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	4
Statements of Cash Flows	8
Statements of Functional Expenses	9
Notes to Financial Statements	11
Supplemental Information:	
Statement of Net Assets	22



REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors
United Way of Greater Richmond & Petersburg
Richmond, Virginia:

We have audited the accompanying statements of financial position of the United Way of Greater Richmond & Petersburg (the "Organization") as of June 30, 2011 and 2010, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of Greater Richmond & Petersburg as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The statement of net assets on pages 22 and 23 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements.

Keith, Stephens, Hunt, Gary & Shreaves, P.C.

October 14, 2011
Glen Allen, Virginia

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statements of Financial Position
June 30, 2011 and 2010

<u>Assets</u>	<u>2011</u>	<u>2010</u>
Current assets:		
Cash and cash equivalents	\$ 5,203,560	\$ 3,748,408
Pledges receivable:		
Campaign 10/11 - net of allowance of \$741,016	4,468,324	-
Campaign 09/10 - net of allowance of \$957,763	-	4,532,487
Other receivables	329,391	362,346
Other assets	<u>40,331</u>	<u>35,563</u>
Total current assets	10,041,606	8,678,804
Investments (Note 2)	4,713,607	3,905,539
Leasehold improvements and equipment at cost less accumulated depreciation (Note 3)	<u>202,222</u>	<u>258,974</u>
Total assets	<u>\$ 14,957,435</u>	<u>\$ 12,843,317</u>

See accompanying notes to financial statements.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statements of Financial Position, Continued
June 30, 2011 and 2010

<u>Liabilities and Net Assets</u>	<u>2011</u>	<u>2010</u>
Current liabilities:		
Allocations payable	\$ 2,504,011	\$ 2,502,806
Designations payable	1,415,695	1,701,277
Accrued expenses	216,505	287,853
Capital lease payable	-	13,899
Accounts payable	91,013	-
Funds held for Energy Share (Note 4)	801,900	211,809
Funds held for others (Note 4)	<u>967,796</u>	<u>102,949</u>
Total current liabilities	5,996,920	4,820,593
Net Assets:		
Unrestricted:		
Board designated:		
Reserves	4,668,484	3,485,462
Pension plan obligation	856,620	1,026,749
United Way operations	2,042,495	1,977,536
Land, building and equipment	<u>202,222</u>	<u>258,974</u>
Total board designated	<u>7,769,821</u>	<u>6,748,721</u>
Total unrestricted (Note 5)	<u>7,769,821</u>	<u>6,748,721</u>
Temporarily restricted:		
Annual campaign designated for future periods	44,786	87,940
Other temporarily restricted	<u>1,145,908</u>	<u>1,186,063</u>
Total temporarily restricted (Note 6)	<u>1,190,694</u>	<u>1,274,003</u>
Total net assets	<u>8,960,515</u>	<u>8,022,724</u>
Total liabilities and net assets	<u>\$ 14,957,435</u>	<u>\$ 12,843,317</u>

See accompanying notes to financial statements.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statement of Activities
Year Ended June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total All Funds</u>
Revenues, gains and other support:			
Gross campaign pledges 2010/2011	\$ -	\$ 14,994,855	\$ 14,994,855
Less donor designations	-	(5,728,296)	(5,728,296)
Less provision for uncollectible pledges	-	(756,000)	(756,000)
Subtotal campaign revenue 2010/2011	<u>-</u>	<u>8,510,559</u>	<u>8,510,559</u>
Gross campaign pledges prior year's:			
Contributions received	-	631,079	631,079
Donor designations	-	(80,918)	(80,918)
Subtotal prior year's campaign revenue	<u>-</u>	<u>550,161</u>	<u>550,161</u>
Contributions received released from restrictions	14,967,624	(14,967,624)	-
Donor designations	(5,818,964)	5,818,964	-
Net current period campaign (Note 8)	<u>9,148,660</u>	<u>(9,148,660)</u>	<u>-</u>
Gross campaign pledges future year	-	54,537	54,537
Less donor designations	-	(9,750)	(9,750)
Total campaign revenue	9,148,660	(43,153)	9,105,507
Contributions	-	1,432,683	1,432,683
Memorials and bequests	82,827	-	82,827
Net public support	<u>9,231,487</u>	<u>1,389,530</u>	<u>10,621,017</u>
Grants from governmental agencies	<u>-</u>	<u>492,066</u>	<u>492,066</u>
Other revenue:			
Third party processing fees	80,000	-	80,000
Investment income, net	119,052	-	119,052
Unrealized gains	678,880	-	678,880
Endowment income	148,281	-	148,281
Designations from other United Ways	52,410	-	52,410
Fees from donor designations	784,037	-	784,037
Net other revenue	1,862,660	-	1,862,660
Grants released from restrictions (Note 8)	<u>1,964,905</u>	<u>(1,964,905)</u>	<u>-</u>
Net public support and other revenue	<u>13,059,052</u>	<u>(83,309)</u>	<u>12,975,743</u>

See accompanying notes to financial statements.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statement of Activities, Continued
Year Ended June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total All Funds</u>
Allocations and expenses:			
Program services:			
Gross allocations	\$ 11,200,142	\$ -	\$ 11,200,142
Less donor designations	<u>(5,818,964)</u>	<u>-</u>	<u>(5,818,964)</u>
Net allocations	5,381,178	-	5,381,178
Community planning and allocations	816,146	-	816,146
Other program services	<u>2,916,126</u>	<u>-</u>	<u>2,916,126</u>
Total program services	<u>9,113,450</u>	<u>-</u>	<u>9,113,450</u>
Supporting services:			
Fundraising	1,702,465	-	1,702,465
Management and general	<u>1,222,037</u>	<u>-</u>	<u>1,222,037</u>
Total supporting services	<u>2,924,502</u>	<u>-</u>	<u>2,924,502</u>
Total expenses	<u>12,037,952</u>	<u>-</u>	<u>12,037,952</u>
Change in net assets	1,021,100	(83,309)	937,791
Net assets, beginning of year	<u>6,748,721</u>	<u>1,274,003</u>	<u>8,022,724</u>
Net assets, end of year	<u>\$ 7,769,821</u>	<u>\$ 1,190,694</u>	<u>\$ 8,960,515</u>

See accompanying notes to financial statements.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statement of Activities
Year Ended June 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds</u>
Revenues, gains and other support:				
Gross campaign pledges 2009/2010	\$ -	\$ 14,974,524	\$ -	\$ 14,974,524
Less donor designations	-	(5,599,115)	-	(5,599,115)
Less provision for uncollectible pledges	-	(975,000)	-	(975,000)
Subtotal campaign revenue 2009/2010	<u>-</u>	<u>8,400,409</u>	<u>-</u>	<u>8,400,409</u>
Gross campaign pledges prior year's:				
Contributions received	-	592,401	-	592,401
Donor designations	-	(50,780)	-	(50,780)
Subtotal prior year's campaign revenue	<u>-</u>	<u>541,621</u>	<u>-</u>	<u>541,621</u>
Contributions received released from restrictions	15,671,548	(14,671,548)	(1,000,000)	-
Donor designations	<u>(5,660,108)</u>	<u>5,660,108</u>	<u>-</u>	<u>-</u>
Net current period campaign (Note 8)	<u>10,011,440</u>	<u>(9,011,440)</u>	<u>(1,000,000)</u>	<u>-</u>
Gross campaign pledges future year	-	98,153	-	98,153
Less donor designations	-	(10,213)	-	(10,213)
Total campaign revenue	<u>10,011,440</u>	<u>18,530</u>	<u>(1,000,000)</u>	<u>9,029,970</u>
Contributions	-	1,916,637	-	1,916,637
Memorials and bequests	<u>26,413</u>	<u>-</u>	<u>-</u>	<u>26,413</u>
Net public support	<u>10,037,853</u>	<u>1,935,167</u>	<u>(1,000,000)</u>	<u>10,973,020</u>
Grants from governmental agencies	<u>-</u>	<u>357,758</u>	<u>-</u>	<u>357,758</u>
Other revenue:				
Third party processing fees	99,494	-	-	99,494
Sponsorships	3,158	-	-	3,158
Investment income, net	107,023	-	-	107,023
Unrealized gains	158,109	-	-	158,109
Endowment income	158,446	-	-	158,446
Designations from other United Ways	39,005	-	-	39,005
Fees from donor designations	<u>695,922</u>	<u>-</u>	<u>-</u>	<u>695,922</u>
Net other revenue	<u>1,261,157</u>	<u>-</u>	<u>-</u>	<u>1,261,157</u>
Grants released from restrictions (Note 8)	<u>2,097,356</u>	<u>(2,097,356)</u>	<u>-</u>	<u>-</u>
Net public support and other revenue	<u>13,396,366</u>	<u>195,569</u>	<u>(1,000,000)</u>	<u>12,591,935</u>

See accompanying notes to financial statements.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statement of Activities, Continued
Year Ended June 30, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds</u>
Allocations and expenses:				
Program services:				
Gross allocations	\$ 10,743,666	\$ -	\$ -	\$ 10,743,666
Less donor designations	<u>(5,660,108)</u>	<u>-</u>	<u>-</u>	<u>(5,660,108)</u>
Net allocations	5,083,558	-	-	5,083,558
Community planning and allocations	792,740	-	-	792,740
Other program services	<u>2,844,520</u>	<u>-</u>	<u>-</u>	<u>2,844,520</u>
Total program services	<u>8,720,818</u>	<u>-</u>	<u>-</u>	<u>8,720,818</u>
Supporting services:				
Fundraising	1,467,698	-	-	1,467,698
Management and general	<u>1,275,355</u>	<u>-</u>	<u>-</u>	<u>1,275,355</u>
Total supporting services	<u>2,743,053</u>	<u>-</u>	<u>-</u>	<u>2,743,053</u>
Total expenses	<u>11,463,871</u>	<u>-</u>	<u>-</u>	<u>11,463,871</u>
Transfer to endowment	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>
Change in net assets	932,495	195,569	(1,000,000)	128,064
Net assets, beginning of year	<u>5,816,226</u>	<u>1,078,434</u>	<u>1,000,000</u>	<u>7,894,660</u>
Net assets, end of year	<u>\$ 6,748,721</u>	<u>\$ 1,274,003</u>	<u>\$ -</u>	<u>\$ 8,022,724</u>

See accompanying notes to financial statements.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statements of Cash Flows Years Ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Change in net assets	\$ 937,791	\$ 128,064
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Unrealized and realized net investment gain	(678,880)	(158,109)
Depreciation	87,933	93,154
Changes in operating assets and liabilities:		
Pledges receivable	64,163	298,667
Other receivables	32,955	(66,902)
Other assets	(4,768)	471
Allocations payable	1,205	42,190
Designations payable	(285,582)	(169,877)
Accrued expenses	(71,348)	36,838
Accounts payable	91,013	-
Energy Share	590,091	(45,029)
Funds held for others	864,847	(323,381)
Net cash provided (used) by operating activities	1,629,420	(163,914)
Cash flows from investing activities:		
Purchase of investments	(129,188)	(1,099,538)
Purchase of equipment	(31,181)	(41,339)
Net cash used by investing activities	(160,369)	(1,140,877)
Cash flows from financing activities:		
Payments on capital leases	(13,899)	(31,840)
Net cash used by financing activities	(13,899)	(31,840)
Net change in cash and cash equivalents	1,455,152	(1,336,631)
Cash and cash equivalents, beginning of year	3,748,408	5,085,039
Cash and cash equivalents, ending of year	\$ 5,203,560	\$ 3,748,408
Supplement disclosure of cash flows:		
Cash paid during the year for:		
Interest	\$ 221	\$ 1,990

See accompanying notes to financial statements

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statement of Functional Expenses
Year Ended June 30, 2011

	Program Services			Support Services			
	Community Planning and Allocations	Other Program Services	Total	Fund Raising	Management and General	Total	Total
Gross allocations	\$ 11,200,142	\$ -	\$ 11,200,142	\$ -	\$ -	\$ -	\$ 11,200,142
Less donor designations	(5,818,964)	-	(5,818,964)	-	-	-	(5,818,964)
Subtotal	5,381,178	-	5,381,178	-	-	-	5,381,178
Salaries	560,233	306,142	866,375	970,844	655,817	1,626,661	2,493,036
Health and retirement benefits	40,082	70,109	110,191	131,940	106,242	238,182	348,373
Payroll taxes	38,622	21,008	59,630	69,377	85,457	154,834	214,464
Specific program expenses	-	1,964,905	1,964,905	-	-	-	1,964,905
Group plan, directors and officers insurance and pension obligation	-	264,752	264,752	-	-	-	264,752
Professional fees	29,043	35,809	64,852	49,169	108,985	158,154	223,006
Supplies	4,867	3,565	8,432	13,107	17,753	30,860	39,292
Telephone	5,272	12,535	17,807	14,188	10,696	24,884	42,691
Postage and shipping	3,402	10,666	14,068	13,353	9,004	22,357	36,425
Occupancy	67,821	136,286	204,107	136,286	83,920	220,206	424,313
Equipment maintenance	13,765	38,245	52,010	37,141	22,286	59,427	111,437
Printing and publications	523	1,198	1,721	170,469	5,557	176,026	177,747
Travel and related expenses	11,747	11,593	23,340	13,847	21,783	35,630	58,970
Conferences, conventions, and meetings	1,054	594	1,648	4,688	17,103	21,791	23,439
Depreciation expense	14,655	14,656	29,311	29,311	29,311	58,622	87,933
Miscellaneous	2,060	1,063	3,123	2,745	2,122	4,867	7,990
Subtotal	793,146	2,893,126	3,686,272	1,656,465	1,176,036	2,832,501	6,518,773
Total before UWA dues	6,174,324	2,893,126	9,067,450	1,656,465	1,176,036	2,832,501	11,899,951
United Way of America dues	23,000	23,000	46,000	46,000	46,001	92,001	138,001
Total functional expenses	\$ 6,197,324	\$ 2,916,126	\$ 9,113,450	\$ 1,702,465	\$ 1,222,037	\$ 2,924,502	\$ 12,037,952

See accompanying notes to financial statements

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statement of Functional Expenses
Year Ended June 30, 2010

	Program Services			Support Services			Total
	Community Planning and Allocations	Other Program Services	Total	Fund Raising	Management and General	Total	
Gross allocations	\$ 10,743,666	\$ -	\$ 10,743,666	\$ -	\$ -	\$ -	\$ 10,743,666
Less donor designations	(5,660,108)	-	(5,660,108)	-	-	-	(5,660,108)
Subtotal	5,083,558	-	5,083,558	-	-	-	5,083,558
Salaries	534,372	303,449	837,821	870,888	669,547	1,540,435	2,378,256
Health and retirement benefits	71,701	71,431	143,132	127,060	113,551	240,611	383,743
Payroll taxes	38,154	23,653	61,807	62,691	67,716	130,407	192,214
Specific program expenses	-	2,097,356	2,097,356	-	-	-	2,097,356
Group plan, directors and officers insurance and pension obligation	-	147,453	147,453	-	-	-	147,453
Professional fees	7,605	7,592	15,197	403	88,994	89,397	104,594
Supplies	2,026	746	2,772	10,073	27,427	37,500	40,272
Telephone	5,544	9,549	15,093	12,256	20,520	32,776	47,869
Postage and shipping	2,615	8,655	11,270	12,079	12,900	24,979	36,249
Occupancy	70,943	107,364	178,307	120,192	115,687	235,879	414,186
Equipment maintenance	13,374	25,369	38,743	25,650	44,580	70,230	108,973
Printing and publications	245	158	403	129,257	5,066	134,323	134,726
Travel and related expenses	1,559	2,360	3,919	7,948	16,522	24,470	28,389
Conferences, conventions, and meetings	706	118	824	4,514	9,939	14,453	15,277
Depreciation expense	15,526	15,526	31,052	31,051	31,051	62,102	93,154
Miscellaneous	5,541	912	6,453	7,978	6,196	14,174	20,627
Subtotal	769,911	2,821,691	3,591,602	1,422,040	1,229,696	2,651,736	6,243,338
Total before UWA dues	5,853,469	2,821,691	8,675,160	1,422,040	1,229,696	2,651,736	11,326,896
United Way of America dues	22,829	22,829	45,658	45,658	45,659	91,317	136,975
Total functional expenses	<u>\$ 5,876,298</u>	<u>\$ 2,844,520</u>	<u>\$ 8,720,818</u>	<u>\$ 1,467,698</u>	<u>\$ 1,275,355</u>	<u>\$ 2,743,053</u>	<u>\$ 11,463,871</u>

See accompanying notes to financial statements

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements

1. Nature of Activities and Significant Accounting Policies:

Nature of Organization: United Way of Greater Richmond & Petersburg (the "Organization") helps build capacity in critical programs and services to prepare children, help families and individuals achieve financial stability, and support the health and wellness of older adults. Working together with organizations and individuals throughout greater Richmond and Petersburg, the Organization is changing and improving lives not only in the moment of need, but for the long-term. The majority of the revenues come from the annual campaign. The campaign raises both restricted and unrestricted funds. The unrestricted funds are allocated by local volunteers who serve on the allocation panels of the Organization's Community Building Division and are approved by the Board of Directors.

Support: Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restriction. For temporarily donor-imposed restrictions, when the stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If the Board specifies a purpose where none has been stated by the original donor, such assets are classified as Board designated within unrestricted net assets. Permanently restricted net assets are subject to donor-imposed stipulations that require the principal be invested and the income be used as stipulated by the donor or for general operations of the Organization.

Contributions of long-lived assets and cash to acquire long-lived assets that are received without stipulations about how long the long-lived assets must be used are reported as unrestricted when the assets are placed in service and no time restrictions are implied.

Pledges and Allocations: Pledges to the Organization, net of estimated uncollectible amounts, are recognized as revenue or gains in the period received and as assets, decrease of liabilities, or expenses depending on the form of benefits received. Allocations to agencies approved prior to the allocation year are deducted from annual campaign support designated for future periods and are reported as liabilities until paid. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Pledges are recorded in the statement of financial position when received, and allowances are provided for amounts estimated to be uncollectible. All uncollected pledges are charged off at the end of the second year following the year in which they were pledged. The amounts estimated to be uncollectible are determined by historical trends and current environmental factors and approved by the Board of Directors. Pledges that are raised by the Organization but paid directly to the designated agency by the company or a third party, totaled \$1,361,374 and \$868,289 for the years ended June 30, 2011 and 2010, respectively.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

1. Nature of Activities and Significant Accounting Policies, Continued:

Pledges and Designations for Public Service Campaigns: Gross campaign pledges include the following locally managed public sector campaigns: Combined Federal Campaign (“CFC”), and Local Government and Schools (“LGS”). The Organization, as a federation, is distributing funds received from the CFC and LGS for its member agencies, in accordance with donor designations.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash and equivalents.

Investments: Investments are comprised of a mutual fund and are reported in the statement of financial position at their fair values based on quoted market prices (see Note 2). Investments are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the risks in the near term could materially affect amounts reported on the financial statements.

Use of Estimates: Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual events and circumstances could alter those estimates.

Leasehold Improvements and Equipment: Leasehold improvements and equipment are recorded at cost for purchased assets and at fair market value at the date of receipt for contributed assets. Depreciation is computed by the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged to expense, while expenses for major improvements are capitalized. The cost and accumulated depreciation are removed from the accounts for property sold or retired and any resulting gain or loss is included in income.

Donated Services: No amounts have been reflected in the financial statements for donated services because no objective basis is available to measure the value of such services. A substantial number of volunteers have donated significant amounts of their time in United Way’s program services and fund raising campaigns.

Tax Status: United Way of Greater Richmond & Petersburg is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and has been determined to be a charitable organization, which qualifies contributions, bequests and legacies as deductions by the donor for income, estate and gift tax purposes.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

1. Nature of Activities and Significant Accounting Policies, Continued:

Income Tax Uncertainties: The Organization has adopted Financial Accounting Standards Board (FASB) guidance related to accounting for uncertainty in income taxes, which clarifies the accounting for income taxes by prescribing the minimum recognition threshold that a tax position is required to meet before being recognized in the Organization's financial statements.

In accordance with the guidance, the Organization discloses the expected future tax consequences of uncertain tax positions presuming the taxing authorities' full knowledge of the facts and the Organization's position and records unrecognized tax benefits or liabilities for known, or anticipated tax issues based on the Organization's analysis of whether additional taxes would be due to the authority given their full knowledge of the tax position. The Organization accrues interest and penalties related to unrecognized tax benefits as other noncurrent liabilities and recognizes the related changes in the Organization's assessments as a component of income tax expense. The Organization has completed its assessment and determined that there were no tax positions, which would require recognition under the guidance. The Organization's income tax returns for years since 2008 remain open for examination by tax authorities.

Concentration of Credit Risk: Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and unsecured receivables.

Management believes the Organization's cash balances are maintained with quality financial institutions in order to offset the risk of loss that may occur when balances exceed the Federal Deposit Insurance Corporation insured limits on each account of \$250,000. The ability to collect pledges resulting from fund raising efforts is affected by general economic conditions in the Richmond-Petersburg, Virginia metropolitan area.

2. Fair Value Measurements:

As discussed in Note 1, the Organization has adopted FASB guidance on fair value measurements. The provisions of the guidance provides a framework for measuring fair value under Generally Accepted Accounting Principles ("GAAP") and defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. This guidance requires that valuation techniques maximize the use of observable inputs and minimizes the use of unobservable inputs. This guidance also established a fair value hierarchy which prioritizes the valuation inputs into three broad levels. Based on the underlying inputs, each fair value measurement in its entirety is reported in one of three levels:

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

2. Fair Value Measurements, Continued:

Level 1 – Unadjusted quoted prices that are available in active markets for the identical assets or liabilities at the measurement date. The Organization's Level 1 assets include cash and cash equivalents, and mutual fund shares. Mutual fund shares held had a value of \$4,713,607 as of June 30, 2011 and a value of \$3,905,539 as of June 30, 2010. The mutual fund is a large value fund with 60-70% invested in equity securities and 30-40% invested in fixed income instruments.

Level 2 – Other observable inputs available at the measurement date, other than quoted prices included in Level 1, either directly or indirectly, including:

- Quoted prices for similar assets or liabilities in active markets,
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by other observable market data.

The Organization does not hold Level 2 assets or liabilities.

Level 3 – Unobservable inputs that cannot be corroborated by observable market data and reflect the use of significant management judgment. These values are generally determined using pricing models for which the assumptions utilize management's estimates of market participant assumptions. The Organization does not hold Level 3 assets or liabilities.

3. Leasehold Improvements and Equipment:

Leasehold improvements and equipment consisted of the following:

	<u>2011</u>	<u>2010</u>
Leasehold improvements	\$ 163,426	\$ 163,426
Furniture, equipment and software	<u>1,141,354</u>	<u>1,110,172</u>
	1,304,780	1,273,598
Less accumulated depreciation	<u>1,102,558</u>	<u>1,014,624</u>
Total	<u>\$ 202,222</u>	<u>\$ 258,974</u>

Depreciation expense amounted to \$87,933 and \$93,154 for the years ended June 30, 2011 and 2010, respectively.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

4. Funds Held for Energy Share and Others:

Energy Share:

United Way of Greater Richmond & Petersburg acts as the fiscal agent for the Energy Share campaign sponsored by Dominion Virginia Power. Energy Share is a fuel assistance program that pays for the heating and cooling services of those individuals who cannot financially secure these services on their own. The Organization collects and distributes these contributions.

Others:

The Organization is also an independent processor for third-party campaigns. Amounts collected, but not remitted at year end are reflected in funds held for others. During 2011, the Organization entered into a new agreement that resulted in a significant increase from 2010.

Transactions consisted of the following for the years ended June 30, 2011 and 2010:

	2011	
	Energy Share	Others
Balance, beginning	\$ 211,809	\$ 102,949
Amounts received	5,615,256	1,404,228
Amounts disbursed	(5,025,165)	(539,381)
Balance, ending	\$ 801,900	\$ 967,796
	2010	
	Energy Share	Others
Balance, beginning	\$ 535,190	\$ 147,978
Amounts received	5,201,472	423,391
Amounts disbursed	(5,524,853)	(468,420)
Balance, ending	\$ 211,809	\$ 102,949

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

5. Unrestricted Net Assets:

Unrestricted net assets as of June 30 consisted of the following:

	<u>2011</u>	<u>2010</u>
Designated by the Board of Directors:		
Capital Replacement Reserve Fund	\$ 132,521	\$ 138,606
Community Building Supplemental Fund	400,000	400,000
Community Reserve Fund	4,071,353	2,887,675
Pension obligation	856,620	1,026,749
Southside Reserve Fund	64,610	59,181
United Way operations	2,042,495	1,977,536
Land, building and equipment net assets	<u>202,222</u>	<u>258,974</u>
Total unrestricted	<u>\$ 7,769,821</u>	<u>\$ 6,748,721</u>

6. Temporarily Restricted Net Assets:

Temporarily restricted net assets as of June 30 are available for the following purposes or periods:

	<u>2011</u>	<u>2010</u>
Education/Early Care:		
Early Childhood/Smart Beginnings	\$ 716,524	\$ 882,095
Ready by 21	70,798	1,995
Southside Youth Leadership Initiative	510	510
Continuum of Care	1,150	1,800
Infant and Toddler	2,097	8,074
MeadWestvaco Foundation	95,194	-
Income/Financial Stability:		
211 - Information and Referral	71,044	68,363
Energy Share	105,813	106,384
Metropolitan Area Resource Clearinghouse	2,197	12,858
Metrocare	4,066	1,854
Earned Income Tax Credit	60,080	70,791
Disaster Planning/Relief	125	1,892
Health and Older Adults	<u>16,310</u>	<u>29,447</u>
	1,145,908	1,186,063
Annual campaign desig. for future periods	<u>44,786</u>	<u>87,940</u>
	<u>\$ 1,190,694</u>	<u>\$ 1,274,003</u>

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

7. Permanently Restricted Net Assets

There were no permanently restricted net assets at June 30, 2011 and 2010. These net assets are restricted to investment in perpetuity, the income of which is expendable to support purposes as stipulated by the donor. The Organization's policy is to transfer all endowment funds to The United Way of Greater Richmond & Petersburg Endowment Fund, assets of which are held by the Community Foundation. The \$1,000,000 in net assets at June 30, 2009 was transferred during fiscal year 2010 (see Note 12).

8. Net Assets Released from Restrictions:

Net assets released for expenses satisfying the restricted purposes of grants were as follows:

	<u>2011</u>	<u>2010</u>
Expenses satisfying restricted purposes:		
Education/Early Care:		
Early Childhood/Smart Beginnings	\$ 741,701	\$ 968,492
Ready by 21	80,692	-
Continuum of Care	650	-
Infant and Toddler	48,663	-
MeadWestvaco Foundation	25,000	-
Income/Financial Stability:		
211 - Information and Referral	312,662	381,601
Energy Share	469,981	563,539
Metropolitan Area Resource Clearinghouse	15,861	1,969
Metrocare	45,000	60,000
Earned Income Tax Credit	80,216	-
Disaster Planning/Relief	1,792	-
Health and Older Adults	142,687	69,145
Other	-	52,610
	<u>\$ 1,964,905</u>	<u>\$ 2,097,356</u>

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

9. Retirement Plans:

Defined Benefit Plan:

United Way of Greater Richmond & Petersburg administers and sponsors a multiple employer noncontributory defined benefit plan (as defined by ERISA and IRS code), the Defined Benefit Pension Plan of United Way of Greater Richmond & Petersburg and Affiliated Agencies (the "Plan"), which covered substantially all employees of the Organization until September 26, 2008, at which time the Plan was frozen. Each year, the Organization sets the rate of contribution for covered salaries for all affiliated agencies.

The Plan funds the benefits of the Organization and affiliated agencies as if the employees worked for one entity. As such the actuarial calculations are not determined for the individual organizations participating in this Plan. Generally accepted accounting principles consider the current year contribution for this type of Plan to be the pension costs, and no plan asset or obligation for benefits is recorded in the Organization's financial statements. The Organization's contributions to the Plan amounted to \$265,995 in 2011 and \$209,290 in 2010.

As of January 1, 2011 and 2010, the most recent measurement dates for the Plan, the fair value of Plan assets amounted to \$22,289,412 and \$19,380,128, respectively, and the present value of accumulated Plan benefits amounted to \$21,872,986 and \$20,995,869, respectively. As of June 30, 2011, the fair value of Plan assets amounted to approximately \$23,178,515. Based on actuarial assumptions, current interest rates, market conditions, requirements of the Pension Protection Act, and other factors, the Organization and affiliated agencies are likely to be required to make future contributions to the Plan. At June 30, 2011 and 2010, the Organization had \$856,620 and \$1,026,749, respectively, of net assets designated for future obligations related to the Plan.

On September 26, 2008, the Board of Directors of United Way of Greater Richmond & Petersburg approved a resolution to freeze the plan, effective December 31, 2008. The Organization set funding requirements from the Organization and affiliated agencies amounting to \$900,000 for the years ended June 30, 2011 and 2010, which is split by the liability of each agency. This amount is subject to revision based on changes in legislation and other related factors. Since the Organization is the Plan Sponsor, should the participating entities not fulfill their funding responsibilities, the Organization could be exposed to additional risk.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

9. Retirement Plans, Continued:

Defined Contribution Plan:

In addition, the Organization sponsors a defined contribution retirement plan which covers all employees who meet eligibility requirements. The plan enables participants to make contributions, and the Organization may make matching contributions. The Organization's contributions to the plan amounted to \$13,186 for the year ended June 30, 2011 and \$14,245 for the year ended June 30, 2010.

10. Line of Credit:

United Way of Greater Richmond & Petersburg has available an unsecured line of credit of \$2,000,000. The line of credit has an interest rate of one-month LIBOR plus 1.75% per annum but no less than 2% per annum (2.0% as of June 30, 2011 and 2010), is due on demand and renews annually. There have not been any borrowings against this line.

11. Lease Commitments:

The Organization leases equipment and office space under non-cancelable operating leases. As of June 30, 2011 future combined equipment and office lease payments are as follows:

2012	\$	462,863
2013		460,712
2014		440,579
2015		440,579
2016		<u>116,936</u>
	\$	<u>1,921,669</u>

The Organization entered into an operating lease agreement for office space which contains a rent holiday. The total amount of rental payments due over the lease term is being charged to rent expense on the straight-line method over the term of the lease. The difference between rent expense recorded and the amount paid is credited to accrued expenses in the accompanying Statement of Financial Position.

Rent expense for the years ended June 30, 2011 and 2010 were \$396,498 and \$398,721, respectively.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

12. Related Party Transactions:

Fund:

The United Way of Greater Richmond & Petersburg Endowment was organized to support the charitable and educational activities consistent with the mission of United Way of Greater Richmond & Petersburg. The endowment assets are held by the Community Foundation and are not reflected in the financial statements of the Organization.

Summary financial information as of June 30, 2011 and 2010 is as follows:

	<u>2011</u>	<u>2010</u>
Fund balance	\$ 5,348,360	\$ 4,690,259

Other:

Subsequent to the end of the year, the Organization changed its administration of its pension plan from Mutual of America to The Principal Group. A managing member of The Principal Group is on the Organization's Board of Directors.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Notes to Financial Statements, Continued

13. Overhead:

United Way of Greater Richmond & Petersburg provides an overhead measure for analytical review and comparison with other United Ways as established by United Way of America membership standards. The percentage is based on gross revenues less allowance for uncollectible pledges. Overhead expenses include fundraising, management, and general expenses including depreciation, and United Way of America membership dues. The percentages for 2011 and 2010 are as follows:

	2011	2010
Net public support and revenue	\$ 12,975,743	\$ 12,591,935
Unrealized gains, net	(678,880)	(158,109)
Donor designations	5,818,964	5,660,108
Provision for uncollectible pledges	756,000	975,000
Gross revenues	18,871,827	19,068,934
Less provision for uncollectible pledges	756,000	975,000
Net revenues	\$ 18,115,827	\$ 18,093,934
Fundraising	\$ 1,702,465	\$ 1,467,698
Management and general	1,222,037	1,275,355
Total overhead	\$ 2,924,502	\$ 2,743,053
Percent of net revenues:		
Fundraising	9.40%	8.11%
Management and general	6.75%	7.05%
Total overhead, net method	16.15%	15.16%

14. Indemnification:

The Organization has certain obligations to indemnify its current and former officers and directors for certain events or occurrences while the officer or director is, or was serving, at the Organization's request in such capacities. The maximum liability under these obligations is unlimited; however, the Organization's insurance policies serve to limit its exposure. The Organization is not aware of any such obligations.

15. Subsequent Events:

The Chief Executive Officer has accepted a leadership position at United Way Worldwide and left the Organization effective October 1, 2011. A successor has not yet been named. However, an interim Chief Executive Officer is in place.

Management has evaluated subsequent events through October 14, 2011, the date the financial statements were available to be issued, and has determined there are no other subsequent events to be reported in the accompanying financial statements.

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statement of Net Assets
Year Ended June 30, 2011

	<u>Balance</u> <u>6/30/2010</u>	<u>Support and</u> <u>Revenue</u>	<u>Allocations</u> <u>and Expenses</u>	<u>Reclassifications</u>	<u>Balance</u> <u>6/30/2011</u>
Unrestricted net assets:					
Undesignated	\$ -	\$ 998,514	\$ -	\$ (998,514)	\$ -
Designated net assets:					
Capital Replacement Reserve	138,606	25,097	-	(31,182)	132,521
Community Building Supplemental Fund	400,000	-	372,667	372,667	400,000
Community Reserve Fund	2,887,675	550,161	8,511	642,028	4,071,353
Pension plan obligation	1,026,749	-	170,129	-	856,620
Southside Reserve Fund	59,181	5,429	-	-	64,610
United Way operations	<u>1,977,536</u>	<u>477,507</u>	<u>4,201,178</u>	<u>3,788,630</u>	<u>2,042,495</u>
Total designated net assets	6,489,747	1,058,194	4,752,485	4,772,143	7,567,599
Land, building, and equipment net assets	<u>258,974</u>	<u>-</u>	<u>87,934</u>	<u>31,182</u>	<u>202,222</u>
Total unrestricted net assets	<u>\$ 6,748,721</u>	<u>\$ 2,056,708</u>	<u>\$ 4,840,419</u>	<u>\$ 3,804,811</u>	<u>\$ 7,769,821</u>

UNITED WAY OF GREATER RICHMOND & PETERSBURG

Statement of Net Assets, Continued
Year Ended June 30, 2011

	<u>Balance</u> <u>6/30/2010</u>	<u>Support and</u> <u>Revenue</u>	<u>Allocations</u> <u>and Expenses</u>	<u>Reclassifications</u>	<u>Balance</u> <u>6/30/2011</u>
Temporarily restricted net assets:					
Education/Early Care:					
Early Childhood/Smart Beginnings	\$ 882,095	\$ 576,130	\$ 741,701	\$ -	\$ 716,524
Ready by 21	1,995	149,495	80,692	-	70,798
Southside Youth Leadership Initiative	510	-	-	-	510
Continuum of Care	1,800	-	650	-	1,150
Infant and Toddler	8,074	42,686	48,663	-	2,097
MeadWestvaco Foundation	-	120,194	25,000	-	95,194
Income/Financial Stability:					
211 - Information and Referral	68,363	315,343	312,662	-	71,044
Energy Share	106,384	469,410	469,981	-	105,813
Metropolitan Area Resource Clearinghouse	12,858	5,200	15,861	-	2,197
Metrocare	1,854	47,212	45,000	-	4,066
Earned Income Tax Credit	70,791	69,505	80,216	-	60,080
Disaster Planning/Relief	1,892	25	1,792	-	125
Health and Older Adults					
Older Dominion Partnership	29,322	113,550	142,687	-	185
Age Wave Planning	-	16,000	-	-	16,000
Older Adults Partnership	125	-	-	-	125
Annual Campaign designated for future periods	<u>87,940</u>	<u>8,994,285</u>	<u>5,232,628</u>	<u>(3,804,811)</u>	<u>44,786</u>
Total temporarily restricted net assets	<u>1,274,003</u>	<u>10,919,035</u>	<u>7,197,533</u>	<u>(3,804,811)</u>	<u>1,190,694</u>
Permanently restricted net assets:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 8,022,724</u>	<u>\$ 12,975,743</u>	<u>\$ 12,037,952</u>	<u>\$ -</u>	<u>\$ 8,960,515</u>