

**UNITED WAY OF THE PIEDMONT, INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2011 AND 2010**

**UNITED WAY OF THE PIEDMONT, INC.**

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The Board of Directors  
United Way of the Piedmont, Inc.  
Spartanburg, South Carolina

INDEPENDENT AUDITORS' REPORT

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

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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule functional expenses (overhead) calculation as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

*McAbee Talbert Halliday & Co.*

Spartanburg, South Carolina  
September 7, 2011

UNITED WAY OF THE PIEDMONT, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2011 AND 2010

Assets

	2011	2010
Cash and equivalents	\$ 645,651	\$ 651,948
Pledges receivable - net	2,188,844	2,261,012
Other receivables	14,787	8,595
Prepaid expense	20,907	27,938
Investments	782,675	641,256
Fixed assets - net	84,446	68,263
Intangible Assets	-	10,358
	<u>\$ 3,737,310</u>	<u>\$ 3,669,370</u>

Liabilities and Net Assets

Allocations and Designations Payable	\$ 680,976	\$ 658,990
Accounts Payable	5,438	23,754
Accrued Expenses	985	656
Deferred Revenue	95,251	89,458
	<u>782,650</u>	<u>772,858</u>
<b>Net Assets</b>		
Unrestricted		
Designated by the governing board	104,125	110,662
Undesignated	1,201,119	1,140,192
Total unrestricted	1,305,244	1,250,854
Temporarily restricted		
Annual campaign designated for future period	1,649,416	1,645,658
	<u>2,954,660</u>	<u>2,896,512</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 3,737,310</u>	<u>\$ 3,669,370</u>

The accompanying notes are an integral part of the financial statements.

UNITED WAY OF THE PIEDMONT, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2011

	Unrestricted	Temporarily Restricted	Total
Public support and revenue			
Gross campaign results	\$ -	\$ 4,523,866	\$ 4,523,866
Less: Provision for uncollectible accounts	-	(264,836)	(264,836)
Amounts raised on behalf of others	-	(881,559)	(881,559)
Service fees	-	(78,639)	(78,639)
Net campaign revenue	-	3,298,832	3,298,832
Gifts in kind	17,276,743	-	17,276,743
Total public support	<u>17,276,743</u>	<u>3,298,832</u>	<u>20,575,575</u>
Other revenue (expenses)			
Grant income	88,644	-	88,644
Investment income	5,724	-	5,724
Recovery of prior pledges	29	-	29
Unrealized gain (loss) on investments	148,767	-	148,767
Designations from other United Ways	50,990	-	50,990
Other	207,537	-	207,537
Service fees	64,258	-	64,258
Total other revenue (expenses)	<u>565,949</u>	<u>-</u>	<u>565,949</u>
Net assets released from restriction	<u>3,295,074</u>	<u>(3,295,074)</u>	<u>-</u>
Total public support and revenue	<u>21,137,766</u>	<u>3,758</u>	<u>21,141,524</u>
Expenses			
Program services			
Gross funds awarded/distributed	3,374,864	-	3,374,864
(Less donor designations)	(940,480)	-	(940,480)
Net funds awarded/distributed	<u>2,434,384</u>	<u>-</u>	<u>2,434,384</u>
Community impact/fund allocation	106,444	-	106,444
Community capacity building/community planning	86,737	-	86,737
Community education/information and referral/volunteer center	248,845	-	248,845
Imagination Library	18,231	-	18,231
Retired Senior Volunteer Program	152,297	-	152,297
VISTA program	65,791	-	65,791
Gifts in Kind Center	266,210	-	266,210
Gifts in kind	17,276,743	-	17,276,743
Total program services	<u>20,655,682</u>	<u>-</u>	<u>20,655,682</u>
Supporting services			
Fundraising	160,968	-	160,968
Management and general	221,379	-	221,379
United Way of America dues	45,347	-	45,347
Total support services	<u>427,694</u>	<u>-</u>	<u>427,694</u>
Total expenses	<u>21,083,376</u>	<u>-</u>	<u>21,083,376</u>
Change in Net Assets	54,390	3,758	58,148
Net Assets, Beginning	<u>1,250,854</u>	<u>1,645,658</u>	<u>2,896,512</u>
Net Assets, Ending	<u>\$ 1,305,244</u>	<u>\$ 1,649,416</u>	<u>\$ 2,954,660</u>

The accompanying notes are an integral part of the financial statements.

UNITED WAY OF THE PIEDMONT, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010

	Unrestricted	Temporarily Restricted	Total
Public support and revenue			
Gross campaign results	\$ -	\$ 4,526,580	\$ 4,526,580
Less: Provision for uncollectible accounts	-	(332,102)	(332,102)
Amounts raised on behalf of others	-	(826,720)	(826,720)
Service fees	-	(76,442)	(76,442)
Net campaign revenue	<u>-</u>	<u>3,291,316</u>	<u>3,291,316</u>
Gifts in kind	<u>8,907,896</u>	<u>-</u>	<u>8,907,896</u>
Total public support	<u>8,907,896</u>	<u>3,291,316</u>	<u>12,199,212</u>
Other revenue (expenses)			
Grant income	165,137	-	165,137
Investment income	5,931	-	5,931
Recovery of prior pledges	6,036	-	6,036
Unrealized gain (loss) on investments	77,241	-	77,241
Designations from other United Ways	35,986	-	35,986
Other	137,555	-	137,555
Service fees	63,775	-	63,775
Total other revenue (expenses)	<u>491,661</u>	<u>-</u>	<u>491,661</u>
Net assets released from restriction	<u>3,311,271</u>	<u>(3,311,271)</u>	<u>-</u>
Total public support and revenue	<u>12,710,828</u>	<u>(19,955)</u>	<u>12,690,873</u>
Expenses			
Program services			
Gross funds awarded/distributed	3,471,485	-	3,471,485
(Less donor designations)	(893,056)	-	(893,056)
Net funds awarded/distributed	<u>2,578,429</u>	<u>-</u>	<u>2,578,429</u>
Community impact/fund allocation	123,367	-	123,367
Community capacity building/community planning	79,116	-	79,116
Community education/information and referral/volunteer center	208,823	-	208,823
Imagination Library	24,382	-	24,382
Retired Senior Volunteer Program	90,892	-	90,892
VISTA program	95,228	-	95,228
Gifts in Kind Center	236,954	-	236,954
Gifts in kind	8,907,896	-	8,907,896
Total program services	<u>12,345,087</u>	<u>-</u>	<u>12,345,087</u>
Supporting services			
Fundraising	172,907	-	172,907
Management and general	228,032	-	228,032
United Way of America dues	45,190	-	45,190
Total support services	<u>446,129</u>	<u>-</u>	<u>446,129</u>
Total expenses	<u>12,791,216</u>	<u>-</u>	<u>12,791,216</u>
Change in Net Assets	(80,388)	(19,955)	(100,343)
Net Assets, Beginning	<u>1,331,242</u>	<u>1,665,613</u>	<u>2,996,855</u>
Net Assets, Ending	<u>\$ 1,250,854</u>	<u>\$ 1,645,658</u>	<u>\$ 2,896,512</u>

The accompanying notes are an integral part of the financial statements.

UNITED WAY OF THE PIEDMONT, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2011

	Program Services										Support Services		
	Community Impact/Fund Allocation	Community Capacity Building/ Community Planning	Community Education/ Information referral/ Volunteer Center	Imagination Library	Retired Senior Volunteer Program	Vista	Gifts in Kind Center	Total Program Services	Fundraising and General	Management and General	United Way Worldwide Dues	Total Support Services	2011
Salaries	\$ 61,789	\$ 55,139	\$ 145,597	\$ 4,282	\$ 74,332	\$ 30,902	\$ 119,534	\$ 491,575	\$ 92,402	\$ 127,081	\$ -	\$ 219,483	\$ 711,058
Payroll taxes	5,049	4,514	11,540	344	7,073	2,721	8,957	40,198	7,544	10,376	-	17,920	58,118
Health insurance	5,787	3,923	14,129	321	8,092	9,180	12,943	54,375	8,420	11,580	-	20,000	74,375
Retirement	2,107	1,428	5,018	117	4,206	2,811	4,836	20,523	3,065	4,216	-	7,281	27,804
Total salaries and related expenses	74,732	65,004	176,284	5,064	93,703	45,614	146,270	606,671	111,431	153,253	-	264,684	871,355
Professional fees	4,170	2,711	9,642	222	5,650	2,194	8,114	32,703	9,398	12,924	-	22,322	55,025
Contract services	642	460	1,531	10,036	898	352	1,304	15,223	935	1,285	-	2,220	17,443
Supplies	1,287	453	1,872	75	1,360	384	5,498	10,929	1,949	2,680	-	4,629	15,558
Telephone	2,310	1,120	4,242	92	2,476	1,134	6,582	17,956	2,405	3,307	-	5,712	23,668
Printing	1,145	748	4,406	52	2,099	512	1,957	10,919	6,047	8,316	-	14,363	25,282
Postage	4,540	438	1,859	935	1,509	435	1,202	10,918	1,231	1,693	-	2,924	13,842
Training	18	57	874	1	950	3,886	164	5,950	216	297	-	513	6,463
Business development	306	2,487	2,841	336	1,381	1,056	2,471	10,878	1,258	1,731	-	2,989	13,867
Public relation events	1,395	1,946	3,891	366	3,747	1,265	3,902	16,512	2,030	2,791	-	4,821	21,333
Public relation supplies	95	65	494	38	807	127	394	2,020	139	191	-	330	2,350
Insurance	803	544	1,913	45	1,909	441	3,485	9,140	1,169	1,607	-	2,776	11,916
Occupancy	4,481	3,038	10,652	248	6,267	2,458	57,656	84,800	6,520	8,968	-	15,488	100,288
Equipment	2,525	1,712	7,830	140	4,131	1,385	8,738	26,461	3,759	5,170	-	8,929	35,390
Transportation	1,696	888	5,458	68	16,539	1,257	3,564	29,470	2,951	4,059	-	7,010	36,480
Membership fees	1,690	1,084	4,577	89	2,600	878	3,559	14,477	3,130	4,305	-	7,435	21,912
Advertising	468	175	614	14	480	141	523	2,415	375	515	-	890	3,305
Miscellaneous	957	1,649	2,279	233	1,338	525	1,941	8,922	1,392	1,915	-	3,307	12,229
Total expense before depreciation	103,260	84,579	241,259	18,054	147,844	64,044	257,324	916,364	156,335	215,007	-	371,342	1,287,706
Depreciation and amortization	3,184	2,158	7,586	177	4,453	1,747	8,886	28,191	4,633	6,372	-	11,005	39,196
Total operating expenses	106,444	86,737	248,845	18,231	152,297	65,791	266,210	944,555	160,968	221,379	-	382,347	1,326,902
Allocations and awards	3,372,369	-	2,475	-	-	-	-	3,374,864	-	-	-	-	3,374,864
Less: donor designations	(940,480)	-	-	-	-	-	-	(940,480)	-	-	-	-	(940,480)
Total allocations and awards	2,431,909	-	2,475	-	-	-	-	2,434,384	-	-	-	-	2,434,384
United Way Worldwide dues	47,661	-	2,700	-	-	5,724	17,206,981	17,276,743	-	-	45,347	45,347	45,347
Gifts in kind	-	-	-	-	-	-	-	-	-	-	-	-	17,276,743
Total expenses	\$2,586,014	\$ 86,737	\$ 254,020	\$ 18,231	\$165,974	\$ 71,515	\$17,473,191	\$20,655,682	\$ 160,968	\$ 221,379	\$ 45,347	\$427,694	\$21,083,376

The accompanying notes are an integral part of the financial statements.

UNITED WAY OF THE Piedmont, Inc.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2010

	Program Services										Support Services		
	Community Impact/Fund Allocation	Community Building/ Community Planning	Community Education/ Information referral/ Volunteer Center	Imagination Library	Retired Senior Volunteer Program	Vista	Gifts in Kind Center	Total Program Services	Fundraising	Management and General	United Way Worldwide Dues	Total Support Services	
Salaries	\$ 71,224	\$ 44,859	\$ 121,360	\$ 8,376	\$ 41,559	\$ 46,667	\$ 107,560	\$ 441,605	\$ 100,027	\$ 127,307	\$ -	\$ 227,334	
Payroll Taxes	5,791	3,699	9,532	670	4,133	4,378	7,870	36,073	8,151	10,374	-	18,525	
Health Insurance	7,320	3,449	13,923	699	5,130	11,567	13,737	55,825	10,549	13,426	-	23,975	
Retirement	2,285	1,077	4,211	218	2,835	3,133	4,066	17,825	3,293	4,191	-	7,484	
Total salaries and related expenses	86,620	53,084	149,026	9,963	53,657	65,745	133,233	551,328	122,020	155,298	-	277,318	
Professional Fees	3,701	9,787	7,035	353	2,594	2,870	6,705	33,045	5,334	14,758	-	20,092	
Contract Services	-	-	-	10,000	-	-	1,000	11,000	194	247	-	441	
Supplies	3,005	412	1,792	101	746	588	3,663	10,307	3,663	3,001	-	5,359	
Telephone	3,076	1,081	4,523	219	1,608	1,779	7,148	19,434	3,363	4,281	-	7,644	
Printing	1,436	2,108	3,797	372	1,782	777	2,453	12,725	7,501	9,546	-	17,047	
Postage	7,415	459	2,588	1,361	1,407	717	1,602	15,549	1,799	2,289	-	4,088	
Training	333	602	591	(13)	436	7,426	61	9,436	93	118	-	211	
Business Development	818	587	2,691	299	1,157	957	2,322	8,831	2,563	3,262	-	5,825	
Public Relation Events	963	2,704	2,757	92	2,136	747	1,713	11,112	1,553	1,976	-	3,529	
Public Relation Supplies	27	13	226	102	330	21	108	827	120	153	-	273	
Insurance	916	432	1,688	87	1,395	710	4,701	9,929	1,320	1,681	-	3,001	
Occupancy	5,123	2,308	9,058	468	3,433	3,799	49,994	74,183	7,061	8,986	-	16,047	
Equipment	2,399	1,130	5,146	229	1,761	2,083	4,758	17,506	3,684	4,689	-	8,373	
Transportation	940	799	5,085	129	13,480	1,476	4,608	26,517	3,546	4,514	-	8,060	
Membership Fees	1,854	874	4,160	177	1,619	1,437	3,299	13,420	3,612	4,596	-	8,208	
Advertising	479	178	805	36	364	792	1,513	4,167	640	815	-	1,455	
Miscellaneous	823	938	1,517	79	577	638	1,473	6,045	1,190	1,514	-	2,704	
Total expense before depreciation	119,928	77,496	202,485	24,054	88,482	92,562	230,354	835,361	167,951	221,724	-	389,675	
Depreciation and amortization	3,439	1,620	6,338	328	2,410	2,666	6,600	23,401	4,956	6,308	-	11,264	
Total operating expenses	123,367	79,116	208,823	24,382	90,892	95,228	236,954	858,762	172,907	228,032	-	400,939	
Allocations and awards	3,471,485	-	-	-	-	-	-	3,471,485	-	-	-	-	
Less: donor designations	(893,056)	-	-	-	-	-	-	(893,056)	-	-	-	-	
Total allocations and awards	2,578,429	-	-	-	-	-	-	2,578,429	-	-	-	-	
United Way Worldwide dues	-	-	-	-	-	-	-	-	-	45,190	-	45,190	
Gifts in Kind	2,264	-	2,700	-	14,460	5,016	8,883,456	8,907,896	-	-	-	8,907,896	
Total expenses	\$2,704,060	\$ 79,116	\$ 211,523	\$ 24,382	\$105,352	\$100,244	\$ 9,120,410	\$12,345,087	\$ 172,907	\$ 228,032	\$ 45,190	\$446,129	
												\$12,791,216	

The accompanying notes are an integral part of the financial statements.

UNITED WAY OF THE PIEDMONT, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities		
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ 58,148	\$ (100,343)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	39,196	34,667
Unrealized (gain)/loss on investments	(141,419)	(70,748)
(Increase) decrease in assets		
Pledges receivable	72,168	199,708
Other receivables	(6,192)	3,667
Prepaid expenses	7,031	(6,502)
Increase (decrease) in liabilities		
Designations due to beneficiaries	21,986	10,385
Accounts payable	(18,316)	(6,173)
Accrued expense	329	(1,935)
Deferred revenue	5,793	13,843
Net cash provided by operating activities	<u>38,724</u>	<u>76,569</u>
Cash Flows from Investing Activities		
Purchase of equipment	(45,021)	(25,891)
Net cash used by investing activities	<u>(45,021)</u>	<u>(25,891)</u>
Net increase in cash and cash equivalents	(6,297)	50,678
Cash and Cash Equivalents at Beginning of Year	<u>651,948</u>	<u>601,270</u>
Cash and Cash Equivalents at End of Year	<u>\$ 645,651</u>	<u>\$ 651,948</u>

The accompanying notes are an integral part of the financial statements.

UNITED WAY OF THE PIEDMONT, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Operations**

United Way of the Piedmont, Inc. (the "United Way") is a not-for-profit corporation whose mission is "to increase the organized capacity of people to care for one another." United Way's primary fundraising efforts are through workplace campaigns and community appeals in Spartanburg, Cherokee and Union Counties of South Carolina. The United Way was formed in 1936 and is governed by a volunteer board of directors which is made up of approximately 21-30 members who serve terms ranging from one to six years. United Way of the Piedmont, Inc. is committed to compliance with the United Way Worldwide Standards of Excellence.

Campaigns are conducted year-round to support programs primarily in the subsequent fiscal year. Campaign contributions are used to support a variety of health and human service programs and to pay the United Way's operating expenses. Not-for-profit organizations may receive funding either through the Community Investment Process (CIP) or via donor designation.

Unrestricted donations to the United Way are distributed throughout Spartanburg, Cherokee and Union Counties through the CIP. United Way's Community Impact agenda includes 6 priority areas in which not-for-profit organizations may submit program funding requests. Unrestricted dollars are divided among these priority areas by United Way's Community Impact Committee and the Board of Directors, based on community needs and input from United Way's donor base. In the spring, approximately one hundred volunteers participate in community investment councils to evaluate funding applications within each priority area. Information regarding the program's structure, measurable outcomes, plans for improvement, and customer feedback are key components in determining program funding levels. Each council makes a set of funding recommendations for their assigned priority area to the Community Impact Committee which in turn submits final recommendations for Board approval. Distribution of these funds begins in July and will be made in equal payments through the following June

Donors may choose to designate their pledges directly to any specific not-for-profit organization. United Way verifies the organization's tax-exempt status prior to disbursement. Organizations receiving payroll deduction donor-designated funds are notified by the United Way in the fall following the close of the previous year's campaign. These funds are distributed from December to June. Effective fiscal year 2005-2006, United Way of the Piedmont is required by the United Way Worldwide to report and transmit cash donations to designated organizations in February and April of the campaign year. A final reporting and transmittal of all cash donations through the end of the fiscal year is done in July.

A percentage of the United Way's campaign funds are designated as a provision for uncollectible pledges since once the United Way has notified an organization of funding, the United Way honors that commitment regardless of payment by donor.

**Basis of Accounting**

The financial statements of the United Way have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. The United Way reports information regarding its financial position and activities according to three classes of net assets, unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

UNITED WAY OF THE PIEDMONT, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements and notes to the financial statements. Actual results could differ from those estimates. The primary estimates used in the preparation of the financial statements include the collectability of pledges receivables and the allocation of functional expenses among functional categories.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the United Way considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Pledges Receivable**

Pledges receivable are recognized as revenue in the period the pledge is received. For the years ended June 30, 2011 and 2010, an allowance for uncollectible pledges has been reserved based on past collection results. Uncollected pledges receivables are written off after three years.

Promises to give - Unconditional promises to give, less an allowance for uncollectible amounts, are recognized as revenues in the period received, which is defined as the completion of the internal audit of the campaign packages, and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Donor choice amounts are considered to be agency transactions and thus, are exempt from recognition. However, the United Way has chosen an optional presentation for the statement of activities which reports total campaign efforts, including donor choice amounts, and then subtracts the amounts raised on behalf of other, i.e., the donor choice amounts, to come to a total for contributions received as revenues.

**Investments**

Investments are stated at the readily determinable fair market value in accordance with the *Not-for-Profit Entities* topic of the FASB Accounting Standards Codification. All interest, dividends and realized and unrealized gains are reported in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

**Financial Instruments**

The United Way's financial instruments consist of cash, investments, accounts receivable, accounts payable and other accrued liabilities. It is management's opinion that the United Way is not exposed to significant interest rate or credit risk arising from these instruments. Unless otherwise noted, the fair value of these financial instruments are the market values of these financial instruments, and approximate their carrying values.

UNITED WAY OF THE PIEDMONT, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2011 AND 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

**Fair Value Measurements**

The fair value of financial assets and liabilities is measured according to the *Fair Value Measurements and Disclosures* topic of the FASB Accounting Standards Codification. Fair value is required to be evaluated and adjusted according to the following valuation techniques.

*Level 1* – Fair value is determined using quoted market prices in active markets for identical assets and liabilities.

*Level 2* – Fair value is determined using quoted market prices in active markets for similar assets and liabilities, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant inputs are observable in the market for substantially the full term of the assets or liabilities.

*Level 3* – Fair value is determined using inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The market for assets and liabilities using level 3 measures is typically inactive.

**Fixed Assets**

Fixed assets with estimated useful lives greater than one year and a value greater than \$500 are recorded at cost, if purchased, or fair value if donated. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, which range from five to ten years.

**Support and Revenue**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. If a restriction is fulfilled in the same time period in which the contribution is received, the United Way reports the support as unrestricted. Otherwise, when a restriction expires (that is, when a 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.

**Program Services**

The United Way uses contributions received from public support to fund certain programs within the organization. Those programs are:

*Community Investment Process* - United Way of the Piedmont's internal program utilizing volunteers and staff to allocate charitable contributions to programs provided by not for profit organizations that meet established standards.

*Community Education/Information and Referral/Volunteer Connections:*

*Community Education* – an educational program designed to inform area citizens about human service issues, volunteer opportunities and local resources.

*Information and Referral* – a program designed to assist people in need by referring them to the appropriate community service organization.

UNITED WAY OF THE PIEDMONT, INC.  
NOTES TO FINANCIAL STATEMENTS – Continued  
JUNE 30, 2011 AND 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

**Program Services - continued**

*Volunteer Connections* – a program to serve as a referral center for people interested in working as a volunteer in local human service organizations. Volunteers are recruited, screened and referred to appropriate community organizations that are dependent upon volunteers

*Imagination Library* – a program in partnership with Spartanburg County First Steps that registers children up to five years old whose parents live and/or work in Spartanburg and Union Counties. Each child receives a free age appropriate book delivered by mail each month.

*Community Capacity Building/Community Planning* – programs focus on forming quantitative methods of evaluating the needs of the community, and the formation of partnerships that most efficiently and effectively address these needs.

*Retired Senior Volunteer Program* – a program in partnership with the Corporation of National and Community Service, enlists older adults and retirees to serve as volunteers in their communities.

*Americorps\*VISTA* – a national service program, run directly by the Corporation for National and Community Service, that works with community agencies to assist local efforts in alleviating poverty.

*Gift in Kind Center* – a program to distribute products donated by national retailers to non-profit organizations. A low-cost membership is offered to these non-profit organizations that provide assistance to the ill, needy, youth, or otherwise disadvantaged.

**Support Services**

Support services include all costs related to fund raising, public relations and management and general expenses.

**Functional Expenses**

Expenses are charged to each program based on direct expenditures incurred. Any program expenditures not directly chargeable are allocated to programs based on the annual time study method recommended by United Way Worldwide in its publication, *Functional Expense and Overhead Reporting Standards for United Ways* (Effective 7/1/04).

Expenses included in management and general on the statement of activities represent only expenses related to management functions that are core operations of the United Way and should not be allocated to programs. General and administrative expenses that represent indirect costs of program operations have been allocated among programs based upon based on the annual time study method recommended by United Way Worldwide in its publication, *Functional Expense and Overhead Reporting Standards for United Ways* (Effective 7/1/04).

UNITED WAY OF THE PIEDMONT, INC.  
NOTES TO FINANCIAL STATEMENTS – Continued  
JUNE 30, 2011 AND 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

**Gifts in Kind and Donated Services**

Gifts in kind and donated services meeting the criteria for recognition in the financial statements are reflected in the financial statements as non-cash contributions at their estimated value on the date of receipt.

In addition to the amounts recorded as revenue and expense in the financial statements, volunteers have donated significant amounts of time assisting the United Way with fundraising, special projects, and provision of program services. These contributed services do not meet the criteria for recognition in the financial statements.

**Income Taxes**

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

NOTE 2 – CASH AND EQUIVALENTS

The carrying amount of the United Way's cash deposits was \$645,351 and \$504,286 as June 30, 2011 and 2010, respectively. At June 30, 2011 and 2010, the United Way had a bank balance of \$695,903 and \$541,723, respectively. Amounts in these accounts may exceed federally insured limits. The United Way believes it is not exposed to a significant credit risk on these accounts.

NOTE 3 – PLEDGES RECEIVABLE

Pledges receivable consists of contribution pledges made to the United Way by individuals and businesses located primarily in upstate South Carolina. Collections of net pledges are anticipated as follows:

	Pledges Receivable	Allowance for Uncollectibles	Net Pledge Receivables
	<u>                    </u>	<u>                    </u>	<u>                    </u>
2008-2009 Campaign	\$ -	\$ -	\$ -
2009-2010 Campaign	253,807	253,807	-
2010-2011 Campaign	<u>2,507,101</u>	<u>318,257</u>	<u>2,188,844</u>
Balance as of June 30, 2011	<u>\$ 2,760,908</u>	<u>\$ 572,064</u>	<u>\$ 2,188,844</u>
2007-2008 Campaign	\$ -	\$ -	\$ -
2008-2009 Campaign	372,131	273,806	98,325
2009-2010 Campaign	<u>2,481,197</u>	<u>318,510</u>	<u>2,162,687</u>
Balance as of June 30, 2010	<u>\$ 2,853,328</u>	<u>\$ 592,316</u>	<u>\$ 2,261,012</u>

UNITED WAY OF THE PIEDMONT, INC.  
 NOTES TO FINANCIAL STATEMENTS – Continued  
 JUNE 30, 2011 AND 2010

NOTE 4 – INVESTMENTS

Investments at June 30, 2011 and 2010, include \$782,675 and \$641,256, respectively, held and managed by the Spartanburg County Foundation for the benefit of the United Way. A variance power has not been granted by the United Way to the Spartanburg County Foundation.

The Spartanburg County Foundation maintains an investment pool of various mutual funds and managed accounts. The investment pool is allocated to various sub-funds, including the United Way's funds, based on a percentage of ownership interest in the market value of the investment pool. At June 30, 2011, the Spartanburg County Foundation's targeted investment pool allocation was as follows:

Domestic equities	30.0%
International equities	30.0%
Private equity & hedge funds	15.0%
Real Assets	10.0%
Fixed income funds	15.0%
	100.0%

The fair value measurement levels of Spartanburg County Foundation's investment pool were disclosed in the Foundation's December 31, 2010 annual audited financial statements as follows:

December 31, 2010	Fair Value Measurements		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Spartanburg County Investment Pool	48%	52%	0%

The Spartanburg County Foundation's annual audited financial statements are available by contacting the Spartanburg County Foundation at 424 East Kennedy Street, Spartanburg, SC 29302, (864)582-0138.

UNITED WAY OF THE PIEDMONT, INC.  
NOTES TO FINANCIAL STATEMENTS – Continued  
JUNE 30, 2011 AND 2010

NOTE 5 – FIXED ASSETS

Depreciation of the leasehold improvements and equipment is provided on a straight-line basis over the estimated useful lives of the assets.

At June 30, 2011 and 2010, fixed assets consist of:

	2011	2010
Furniture and Equipment	\$ 303,437	\$ 261,042
Leasehold Improvements	18,055	16,020
	321,492	277,062
Less Accumulated Depreciation	(237,046)	(208,799)
	\$ 84,446	\$ 68,263

NOTE 6 – CONTRIBUTIONS DESIGNATED BY DONORS

For the years ended June 30, 2011 and 2010, the United Way of the Piedmont, Inc. received pledges and/or contributions totaling \$4,523,866 and \$4,526,580, respectively, for the 2010-2011 and the 2009-2010 campaign years. At the contributors' option, their donation may be designated to a qualifying not-for-profit agency. When this type of designation occurs, these funds are reflected as liabilities for donor choice amounts. Gross donor choice amounts designated for future periods were \$881,559 and \$826,720 of the total \$4,523,866 and \$4,526,580 pledges and/or contributions received for the 2010-2011 and 2009-2010 campaign years. At June 30, 2011 and 2010, \$680,976 and \$658,990, respectively, was unpaid and recorded as a liability in the accompanying statement of financial position.

NOTE 7 – FAIR VALUE MEASUREMENTS

The United Way of the Piedmont's assets and liabilities are reported at fair value in the accompanying balance sheet.

The investments at the Spartanburg County Foundation are based on fair values as determined by the Foundation and consist of mutual funds, commingled funds, certificates of deposit, partnerships, and other entities.

The carrying amount of other assets and liabilities, including cash, accounts receivable, accounts payable and accrued liabilities, approximate their fair value due to the short-term maturities of these instruments.

UNITED WAY OF THE PIEDMONT, INC.  
 NOTES TO FINANCIAL STATEMENTS – Continued  
 JUNE 30, 2011 AND 2010

NOTE 8 – NET ASSETS DESIGNATIONS

A portion of unrestricted net assets are designated by the Board for specific purposes. Unrestricted net assets are designated for the following purposes as of June 30:

	2011	2010
Teen Pregnancy Initiatives	\$ -	\$ 6,537
Endowment Fund	104,125	104,125
	\$ 104,125	\$ 110,662

NOTE 9 – RETIREMENT PLAN

The United Way has a 401(k) defined contribution plan, which covers substantially all employees with at least one year of service. United Way makes contributions equal to three percent of participants' salary each year. United Way may also make annual matching contributions to the plan of ½ participants' elective deferrals, subject to a maximum match of two percent. Amounts contributed to the plan in 2011 and 2010 were \$27,803 and \$25,308, respectively.

NOTE 10 – OPERATING LEASES

The United Way leases office and warehouse facilities, copiers, and mailing equipment under various non-cancelable leases expiring at various times through 2016. Total lease expense for the years ended June 30, 2011 and 2010 was \$73,023 and \$52,986, respectively.

Future minimum lease payments under these non-cancelable leases are as follows:

Years Ending June 30	Amounts
2012	\$ 85,619
2013	58,936
2014	53,733
2015	53,762
2016	9,004
	\$ 261,054

NOTE 10 – DONATED GOODS

Beginning in September 2009, the United Way started operating a warehouse that received goods from the Wal-Mart Return Center located in Spartanburg. These goods are received and distributed to charitable agencies. The donated goods are recognized as contributions at their estimated retail value as determined by Wal-Mart at the date of donation. The amount recognized for goods received at the warehouse during the years ended June 30, 2011 and 2010 was \$17,257,342 and \$8,883,420, respectively.

UNITED WAY OF THE PIEDMONT, INC.  
NOTES TO FINANCIAL STATEMENTS – Continued  
JUNE 30, 2011 AND 2010

NOTE 11 – CONTINGENCIES

The United Way has received proceeds from federal and local grants. Periodic audits of the grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds would be immaterial. No provision has been made in the accompanying financial statements for the potential refund of any grant monies.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 7, 2011, the date which the financial statements were available for issue.

UNITED WAY OF THE PIEDMONT, INC.  
 SUPPLEMENTAL SCHEDULE - FUNCTIONAL EXPENSES (OVERHEAD) CALCULATION  
 FOR THE YEARS ENDED JUNE 30, 2011 AND JUNE 30, 2010

<b>Campaign results and other revenue:</b>	<u>2011</u>	<u>2010</u>
Net campaign results	\$ 3,298,832	\$ 3,291,316
Donor-designated contributions and service fees	960,198	903,162
Allowance for uncollectible	264,836	332,102
Total campaign results	<u>4,523,866</u>	<u>4,526,580</u>
Grant income	88,644	165,137
Recovery of prior year pledges	29	6,036
Investment income (loss)	154,491	83,172
Designation from other United Ways	50,990	35,986
Other	207,537	137,555
Service fees	64,258	63,775
Total revenue	<u>\$ 5,089,815</u>	<u>\$ 5,018,241</u>
All costs relating to fund raising and management and general	427,694	446,129
Overhead as a % of total revenue	8.4%	8.9%

*This calculation is in conformity with the standard set by United Way Worldwide for measuring overhead costs.*