

UNITED WAY OF
GREENVILLE COUNTY, INC.

Financial Statements

December 31, 2009
(with Independent
Auditors' Report thereon)

UNITED WAY OF GREENVILLE COUNTY, INC.

December 31, 2009

Table of Contents

Independent Auditors' Report	1
Financial Statements:	
Statement of Financial Position	2 – 3
Statement of Activities.....	4
Statement of Cash Flows	5
Statement of Allocations and Functional Expenses.....	6
Notes to the Financial Statements.....	7 – 16

Independent Auditors' Report

Board of Trustees
United Way of Greenville County, Inc.
Greenville, South Carolina

We have audited the accompanying statement of financial position of the United Way of Greenville County, Inc. ("United Way") as of December 31, 2009, and the related statements of activities, cash flows, and allocations and functional expenses for the year then ended. These financial statements are the responsibility of the United Way'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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the United Way's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 financial statements referred to above present fairly, in all material respects, the financial position of the United Way of Greenville County, Inc. as of December 31, 2009, and the results of its activities, cash flows, and allocations and functional expenses for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with United Way's financial statements for the year ended December 31, 2008, from which the summarized information was derived.

Dixon Hughes PLLC

May 4, 2010

UNITED WAY OF GREENVILLE COUNTY, INC.

Statements of Financial Position

December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 5,182,464	\$ 3,547,216
Certificates of deposits	1,342,100	2,367,100
Pledges receivable:		
Current portion of capital campaign	15,000	52,069
Fiscal year 2009/10 (less allowance for uncollectible pledges of \$1,230,000)	10,214,671	-
Fiscal year 2008/09 (less allowance for uncollectible pledges of \$1,389,000)	515,410	10,521,340
Fiscal year 2007/08 (less allowance for uncollectible pledges of \$1,185,000)	-	862,627
Total current portion of pledges receivable, net	<u>10,745,081</u>	<u>11,436,036</u>
Accrued interest	19,162	24,709
Other receivables	123,251	90,248
Prepaid expenses	82,833	74,372
Total current assets	<u>17,494,891</u>	<u>17,539,681</u>
Endowment funds held by other organization	2,758,096	2,252,020
Cash surrender value of life insurance policies	197,811	169,479
Property and equipment:		
Land	267,000	267,000
Building	1,721,242	1,721,242
Office furniture and equipment	991,833	964,205
	<u>2,980,075</u>	<u>2,952,447</u>
Less accumulated depreciation	925,061	822,517
Property and equipment, net	<u>2,055,014</u>	<u>2,129,930</u>
Pledges receivable:		
Capital campaign, net of current portion	-	30,798
Fiscal year 2010/11 (less discount for future pledges of \$2,300)	215,208	153,432
Fiscal year 2011/12 (less discount for future pledges of \$2,000)	87,983	128,046
Total long-term portion of pledges receivable, net	<u>303,191</u>	<u>312,276</u>
Total assets	<u>\$22,809,003</u>	<u>\$22,403,386</u>

UNITED WAY OF GREENVILLE COUNTY, INC.

Statements of Financial Position (continued)

December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 103,336	\$ 29,266
Accrued expenses	1,297	4,154
Allocations payable	70,000	68,570
Grants payable	50,780	150,185
Due to designated agencies (less related portion of uncollectible pledges of \$164,000 for 2009 and \$166,000 for 2008)	2,278,574	2,324,295
Funds held for others	2,638	23,543
Deferred revenue - cost reimbursement on designations	<u>194,917</u>	<u>161,756</u>
Total current liabilities	2,701,542	2,761,769
Unfunded pension benefit obligation	<u>497,264</u>	<u>544,312</u>
Total liabilities	<u>3,198,806</u>	<u>3,306,081</u>
Net assets:		
Unrestricted:		
Designated by Board:		
Community initiatives	1,856,727	1,631,112
Funded operating reserve	<u>2,547,181</u>	<u>1,895,681</u>
Total designated by board	4,403,908	3,526,793
Undesignated, including investment in building, office furniture and equipment of \$2,055,014 in 2009 and \$2,129,930 in 2008	<u>1,629,586</u>	<u>2,237,191</u>
Total unrestricted	6,033,494	5,763,984
Temporarily restricted	10,923,814	10,745,395
Permanently restricted	<u>2,652,889</u>	<u>2,587,926</u>
Total net assets	<u>19,610,197</u>	<u>19,097,305</u>
Total liabilities and net assets	<u><u>\$22,809,003</u></u>	<u><u>\$22,403,386</u></u>

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

UNITED WAY OF GREENVILLE COUNTY

Statement of Activities

For the Year Ended December 31, 2009

(with comparative totals for 2008)

	2009			2008	Combined Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
Revenues, gains and other support:					
Total current year campaign contributions	\$ 587,173	\$ 13,812,287	-	\$ 14,399,460	\$ 14,967,219
Less donor designations	(103,643)	(2,324,308)	-	(2,427,951)	(2,449,392)
Campaign revenue less donor designations	483,530	11,487,979	-	11,971,509	12,517,827
Allowance for uncollectible pledges	(68,000)	(1,230,773)	-	(1,298,773)	(1,404,526)
Total current year net campaign revenue	415,530	10,257,206	-	10,672,736	11,113,301
Contributions received in prior years released from restriction, net	10,521,422	(10,521,422)	-	-	-
Net campaign revenue	10,936,952	(264,216)	-	10,672,736	11,113,301
Capital campaign contributions:	1,202	-	-	1,202	8,337
Other contributions	54,471	-	64,963	119,434	117,283
Gifts in kind contributions	246,151	-	-	246,151	266,690
Private and government grants	344,210	273,950	-	618,160	543,304
Investment income, net realized	44,101	44,188	-	88,289	229,455
Recovery of prior year pledges	244,568	-	-	244,568	229,178
Donor designation fees	204,531	-	-	204,531	190,488
Total revenues, gains and other support	12,076,186	53,922	64,963	12,195,071	12,698,036
Other releases:					
Grants received in prior year released from restriction	272,429	(272,429)	-	-	-
Total revenues, gains and other support net of assets released from restrictions	12,348,615	(218,507)	64,963	12,195,071	12,698,036
Allocations and other functional expenses:					
Agency allocations and grants	9,725,906	-	-	9,725,906	9,882,861
Less donor designations	(2,390,873)	-	-	(2,390,873)	(2,286,980)
Community services and outreach	1,576,259	-	-	1,576,259	1,036,459
Community initiatives	1,176,605	-	-	1,176,605	1,222,168
Total community impact	10,087,897	-	-	10,087,897	9,854,508
Supporting services:					
Fund raising	1,871,632	-	-	1,871,632	1,970,819
Organizational administration	194,956	-	-	194,956	250,534
Total supporting services	2,066,588	-	-	2,066,588	2,221,353
Total expenses	12,154,485	-	-	12,154,485	12,075,861
Change in net assets before pension adjustment and unrealized appreciation on investments	194,130	(218,507)	64,963	40,586	622,175
Net change in pension benefit obligation	47,048	-	-	47,048	(349,312)
Net unrealized gain (loss) on investments	28,332	396,926	-	425,258	(775,606)
Change in net assets	269,510	178,419	64,963	512,892	(502,743)
Net assets, beginning of year	5,763,984	10,745,395	2,587,926	19,097,305	19,600,049
Net assets, end of year	\$ 6,033,494	\$ 10,923,814	\$ 2,652,889	\$ 19,610,197	\$ 19,097,306

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

UNITED WAY OF GREENVILLE COUNTY, INC.

Statement of Cash Flows

For the Year Ended December 31, 2009

(with comparative totals for 2008)

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Change in net assets	\$ 512,892	\$ (502,744)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	102,544	96,253
Net unrealized (gains) losses on investments	(425,258)	775,606
Net realized losses on investments	(328)	271
Net change in pension benefit obligation	(47,048)	349,312
Change in operating assets and liabilities:		
Pledges receivable	700,039	(157,382)
Accrued interest and other receivables	(27,456)	(7,196)
Prepaid expenses	(8,460)	(49,398)
Accounts payable	74,070	(15,429)
Accrued expenses	(2,857)	384
Allocations payable	1,430	60,570
Grants payable	(99,405)	(234,041)
Due to designated agencies	(45,721)	163,704
Funds held for others	(20,905)	(1,335)
Deferred revenue	33,161	(23,009)
Net cash provided by operating activities	<u>746,698</u>	<u>455,566</u>
Cash flows from investing activities:		
Purchases of investments, net	-	(1,617,953)
Proceeds from sales and maturities of investments, net	916,178	-
Purchase of property and equipment	(27,628)	(69,370)
Net cash provided by (used in) investing activities	<u>888,550</u>	<u>(1,687,323)</u>
Net increase (decrease) in cash and cash equivalents	1,635,248	(1,231,757)
Cash and cash equivalents at beginning of year	<u>3,547,216</u>	<u>4,778,973</u>
Cash and cash equivalents at end of year	<u>\$ 5,182,464</u>	<u>\$ 3,547,216</u>

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

UNITED WAY OF GREENVILLE COUNTY, INC.

Statement of Allocations and Functional Expenses

For the Year Ended December 31, 2009

(with comparative totals for 2008)

	<u>Community Impact</u>			<u>Total Community Impact</u>	<u>Supporting Services</u>		<u>Total Supporting Services</u>	<u>Totals</u>	
	<u>Allocations and Grants</u>	<u>Services and Outreach</u>	<u>Community Projects & Initiatives</u>		<u>Community Campaign</u>	<u>Management & General</u>		<u>2009</u>	<u>2008</u>
Allocations and grants	\$ 9,725,906			\$ 9,725,906			\$ 9,725,906	\$ 9,882,861	
Designations	(2,390,873)			(2,390,873)			(2,390,873)	(2,286,980)	
Endowment distribution				-			-	-	
	<u>7,335,033</u>			<u>7,335,033</u>			<u>7,335,033</u>	<u>7,595,881</u>	
Functional expenses:									
Salaries and services		760,560	593,576	1,354,136	624,785	499,830	1,124,615	2,478,751	2,183,955
Employee benefits		182,478	104,156	286,634	184,744	144,910	329,654	616,288	540,032
Payroll taxes		61,216	30,567	91,783	49,293	37,904	87,197	178,980	159,065
Study and consultant fees		13,495	18,704	32,199	-	20,182	20,182	52,381	41,074
Audit and professional fees		5,203	-	5,203	4,800	34,795	39,595	44,798	27,025
IT costs and software user fees		17,364	35,864	53,228	13,052	8,950	22,002	75,230	32,402
Advertising		-	-	-	-	-	-	-	7,243
Supplies		23,418	38,442	61,860	273,364	17,728	291,092	352,952	366,460
Telephone		10,878	6,732	17,610	9,182	9,946	19,128	36,738	32,958
Postage		633	3,189	3,822	13,695	1,749	15,444	19,266	34,690
Occupancy		23,610	45,328	68,938	22,525	18,767	41,292	110,230	100,552
Equipment maintenance		5,887	4,322	10,209	4,951	3,773	8,724	18,933	35,256
Printing & promotional materials		19,344	13,237	32,581	164,233	16,075	180,308	212,889	259,766
Travel - local		2,207	25,856	28,063	8,793	659	9,452	37,515	27,415
Events & meetings		11,514	14,639	26,153	97,765	8,253	106,018	132,171	154,083
Org & Staff Development		18,501	31,498	49,999	4,702	23,749	28,451	78,450	95,657
Payments to affiliates		76,515	-	76,515	68,930	47,522	116,452	192,967	194,703
Other membership dues		704	2,627	3,331	1,309	5,934	7,243	10,574	7,509
Insurance		2,952	897	3,849	2,354	1,831	4,185	8,034	9,202
Miscellaneous		-	-	-	27,996	23,341	51,337	51,337	50,668
Specific assistance to individuals		4,035	4,389	8,424	-	-	-	8,424	24,010
Total before depreciation		1,240,514	974,023	2,214,537	1,576,473	925,898	2,502,371	4,716,908	4,383,725
Depreciation		37,343	-	37,343	35,618	29,583	65,201	102,544	96,253
		1,277,857	974,023	2,251,880	1,612,091	955,481	2,567,572	4,819,452	4,479,978
Allocation of management and general expenses		298,402	202,582	500,984	259,541	(760,525)	(500,984)	-	-
Total functional expenses		1,576,259	1,176,605	2,752,864	1,871,632	194,956	2,066,588	4,819,452	4,479,978
Total Expenses	\$ 7,335,033	\$ 1,576,259	\$ 1,176,605	\$ 10,087,897	\$ 1,871,632	\$ 194,956	\$ 2,066,588	\$ 12,154,485	\$ 12,075,859

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

UNITED WAY OF GREENVILLE COUNTY, INC.

Notes to the Financial Statements

December 31, 2009

(1) **Mission**

The mission of United Way of Greenville County, Inc. (“United Way”) is to provide leadership in uniting our community to improve people’s lives and build a vital, caring community.

(2) **Summary of Significant Accounting Policies**

Accounting Basis – The accompanying financial statements have been prepared on the accrual basis.

Restricted and Unrestricted Revenue and Support – 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. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any 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 recognized. 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 (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.

Temporarily restricted net assets are campaign revenues restricted for future years’ operations and for grants and programs restricted for nurturing young children, strengthening families and neighborhoods, and building a healthy community and outreach. Permanently restricted net assets are endowment funds. Earnings from the endowment funds can be used for unrestricted purposes.

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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents – United Way considers all highly liquid investments with a maturity of three months or less when originally purchased, excluding amounts limited as to use, to be cash equivalents.

United Way maintains bank accounts at various financial institutions covered by the FDIC. At times throughout the year, United Way may maintain bank account balances in excess of the FDIC insured limit. United Way believes it is not exposed to any significant credit risk related to cash. Cash on deposit in excess of \$250,000 is invested in direct obligations of the United States Government or its agencies.

Investments – Investments are presented in the financial statements in the aggregate, at fair market value. Certificates of deposit are carried at the amount invested in the certificates. The fair market value of investments in mutual funds maintained in the endowment funds is based on quoted market prices on public exchanges.

Pledges Receivable – Pledges receivable are recognized as revenues in the period received. An allowance for uncollectible pledges has been estimated based on past collection results.

Property and Equipment – Property and equipment are reported at cost, if purchased, or fair value at the date of donation. United Way's policy is to capitalize property and equipment which costs \$1,000 or greater. Depreciation is computed utilizing the straight-line method over the assets' respective estimated useful lives, which is forty years for the building and three to ten years for furniture and equipment.

Donated Materials and Services – Donated materials and services are reflected as contributions in the accompanying financial statements at their estimated fair market values at the date of receipt. The United Way pays for most services requiring specific expertise; however, a substantial number of volunteers have donated significant amounts of their time to assist The United Way. For the year ended December 31, 2009, approximately \$246,000 was recorded in the statements for specific donated materials and services; no additional amounts have been recorded for volunteer hours or other general services.

Combined Federal Campaign – United Way serves in Greenville County as the Principal Combined Fund Organization ("PCFO") for the Combined Federal Campaign ("CFC"), the fund-raising and distribution activity for contributions of Federal employees and members of the armed forces. Accounting records for the CFC, comprised of cash and receivables, are maintained separately in United Way's accounting system. Contributions made through the CFC of Greenville County are included in total campaign results. United Way honors designations made to each member organization by distributing a proportionate share of receipts based on donor designations to each member.

Income Taxes – The United Way is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The United Way has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2009.

(3) **Pledges Receivable**

Pledges receivable represent unconditional promises to give and are usually due within one year. Pledges receivable that are collectable over future periods are discounted to their net present value. Additionally, management provides an estimate of uncollectible pledges for each campaign year. As of December 31, 2009, contributors to United Way's annual campaigns have made unconditional promises to give, of which \$13,349,000 will be received within one year. Management has estimated uncollectible pledges of approximately \$1,230,000 and \$1,389,000 for the 2009 campaign and 2008 campaign, respectively. During 2009, United Way received \$307,500 in unconditional pledges that will be received in two to three years and management has estimated for a discount of approximately \$4,300, using an average discount rate of .81%.

In 2005, United Way purchased a new office building and refurbished it for occupancy in 2006. To help fund the purchase and refurbishment of the new office building, United Way conducted a capital campaign. Contributors to the capital campaign made unconditional promises to give, and the balance of promises to give at December 31, 2009 totals approximately \$15,000, which are expected to be collected in 2010.

(4) **Unrestricted Net Assets**

Unrestricted net assets at December 31 consist of the following:

	<u>2009</u>	<u>2008</u>
Designated by governing board:		
Community initiatives	\$ 1,856,727	\$ 1,631,112
Funded operating reserve	2,547,181	1,895,681
Total designated by governing board	4,403,908	3,526,793
Investment in property and equipment	2,055,014	2,129,930
Undesignated for general activities	71,836	651,573
Less: Unfunded pension benefit obligation	(497,264)	(544,312)
Undesignated for general activities, net	(425,428)	107,261
	<u>\$ 6,033,494</u>	<u>\$ 5,763,984</u>

(5) **Investments**

Investments are included in the following statement of financial position captions at December 31:

	<u>2009</u>	<u>2008</u>
Certificates of deposit	\$ 1,342,100	\$ 2,367,100
Endowment funds held by other organization	2,758,096	2,252,020
Cash value of life insurance policies	197,811	169,479
Total	<u>\$ 4,298,007</u>	<u>\$ 4,788,599</u>

Investment income and gains (losses) are comprised of the following for the years ended December 31:

	<u>2009</u>	<u>2008</u>
Investment income:		
Interest and dividends	\$ 81,615	\$ 136,736
Net realized gains on investments	6,674	92,719
Net unrealized gain (loss) on investments	425,258	(775,606)
	<u>\$ 513,547</u>	<u>\$ (546,151)</u>

(6) **Fair Value Disclosures**

United Way has characterized its financial assets and liabilities which are measured at fair value and recorded in the statement of financial position, based on a three-level fair value hierarchy based on the inputs to valuation techniques as follows:

Level 1 – Valuations based on quoted prices for identical assets and liabilities in active markets. United Way’s investments in trading securities and endowment funds held by other organizations totaled \$2,758,096 and \$2,252,020 at December 31, 2009 and 2008, respectively, are categorized as Level 1.

Level 2 - Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices of similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data. United Way’s cash surrender value of life insurance policies totaled \$197,811 and \$169,479 at December 31, 2009 and 2008, respectively, are categorized as Level 2.

Level 3 – Valuations based on unobservable inputs reflecting United Way’s own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment. United Way does not have any assets or liabilities categorized as Level 3.

There were no changes during the years ended December 31, 2009 and 2008 to United Way’s valuation techniques used to measure asset fair values on a recurring basis.

(7) **Endowment Funds Held by Other Organizations**

The Community Foundation of Greater Greenville (“Community Foundation”) manages endowment funds amounting to \$2,758,096 at December 31, 2009, from which the income is designated for the United Way. Under the terms of this agreement, the Community Foundation will administer the endowment as part of its assets. The principal is to be maintained inviolate and in perpetuity. The United Way can utilize fund income for board designated and endowment purposes with the approval of its Board of Trustees and the Community Foundation. Gifts totaling \$64,963 were transferred to Community Foundation during 2009. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by

the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the United Way has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, The United Way classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund,
- (2) The purposes of the organization and the donor-restricted endowment fund,
- (3) General economic conditions,
- (4) The possible effect of inflation and deflation,
- (5) The expected total return from income and the appreciation of investments,
- (6) Other resources of the organization,
- (7) The investment policies of the organization.

Changes in endowment net assets for the year ended December 31, 2009:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ (335,906)	\$ 2,587,926	\$ 2,252,020
Investment return:			
Investment income	44,187	-	44,187
Net unrealized gain	396,926	-	396,926
Total investment return	<u>441,113</u>	<u>-</u>	<u>441,113</u>
Contributions	<u>-</u>	<u>64,963</u>	<u>64,963</u>
Endowment net assets, end of year	<u>\$ 105,207</u>	<u>\$ 2,652,889</u>	<u>\$ 2,758,096</u>

(8) **Cash Surrender Value of Life Insurance**

The United Way has purchased insurance on the lives of certain donors. As beneficiary, the United Way receives the cash surrender value if the policy is terminated and, upon death of the insured, receives all benefits payable. The cash surrender value of the life insurance policies is \$197,811 and \$169,479 at December 31, 2009 and 2008, respectively.

(9) **Leases**

United Way leases office space for one of its programs. Lease payments for the office are \$2,700 per month and the lease expires on October 31, 2011. Total rental expense amounted to approximately \$32,400 in 2009. Future minimum lease commitments under the operating lease subsequent to December 31, 2009 are: 2010; \$32,400, 2011; \$27,000.

(10) **Grants Payable**

United Way makes awards and grants for assistance, education, and other projects in the field of workforce development, child nurturing, and other initiatives. The minimum amount for which the United Way is obligated is recorded upon the board of directors' approval. The amount of grants payable is \$50,780 and \$150,185 at December 31, 2009 and 2008, respectively.

(11) **Allocations Payable**

The United Way board of directors establishes an amount of allocations to be paid to local agencies and receives funding requests from agencies that the board reviews based on certain criteria. The amount of the allocations payable is \$70,000 and \$68,570 at December 31, 2009 and 2008, respectively.

(12) **Deferred Revenue**

United Way applies an administrative processing fee related to designations to recipient agencies specified by donors. The amount of the processing fees is recorded as revenue and is withheld from the amount that United Way disburses to the recipient agencies. Deferred revenue of \$194,917 and \$161,756 at December 2009 and 2008, respectively, represents cost reimbursements on designations that are payable at December 31, 2009 and 2008.

(13) **Retirement Plans**

United Way sponsors a qualified defined benefit plan (the "Plan") covering substantially all employees. Generally, benefits are based on years of service and final average salary. The funding policy is to make annual contributions to the Plan equal to the net periodic pension cost. Contributions amounted to \$201,915 and \$175,793 in 2009 and 2008, respectively. Assets of the plan are primarily invested in marketable securities and fixed income securities.

United Way recognizes the funded status of the Plan in the statement of financial position at December 31, 2009 and 2008. The funded status for the Plan is measured as the difference between plan assets at fair value and the projected benefit obligation.

Information about United Way's defined benefit plan is summarized in the following tables:

	<u>2009</u>	<u>2008</u>
Change in projected benefit obligation:		
Benefit obligation at beginning of year	\$ 1,706,145	\$ 1,751,864
Service cost	105,589	115,106
Interest cost	88,269	82,878
Actuarial (gain)/loss	213,219	(207,839)
Benefits paid	-	(35,864)
Effect of settlement	(301,809)	-
Benefit obligation at end of year	<u>\$ 1,811,413</u>	<u>\$ 1,706,145</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	1,161,833	1,556,864
Actual return on plan assets	252,210	(534,960)
Employer contributions	201,915	175,793
Benefits paid	-	(35,864)
Effect of settlement	(301,809)	-
Fair value of plan assets at end of year	<u>\$ 1,314,149</u>	<u>\$ 1,161,833</u>
Funded status at end of year:		
Funded status of the plan (under-funded)	<u>\$ (497,764)</u>	<u>\$ (544,312)</u>
Amounts recognized in the statement of financial position:		
Noncurrent assets	-	-
Current liabilities	-	-
Noncurrent liabilities	(497,064)	(544,312)
Total	<u>\$ (497,264)</u>	<u>\$ (544,312)</u>
Amounts recognized in accumulated unrestricted net assets:		
Total net (gain)/loss	\$ 572,356	\$ 697,061
Transition (asset)/obligation	-	-
Prior service cost/(credit)	1,095	787
Total accumulated unrestricted net assets	<u>\$ 573,451</u>	<u>\$ 697,848</u>
Weighted average assumptions used to determine benefit obligations:		
Discount rate	5.75%	6.00%
Rate of compensation increase	5.16%	5.16%

Components of net periodic benefit cost:		
Service cost	\$ 105,589	\$ 115,106
Interest cost	88,269	82,878
Expected return on plan assets	(57,406)	(111,997)
Amortization of net (gain)/loss	47,772	8,702
Amortization of transition (asset)/obligation	-	-
Amortization of prior service cost/(credit)	(308)	(443)
Effect of settlement	95,348	-
Net periodic benefit cost	<u>\$ 279,264</u>	<u>\$ 94,246</u>
Other changes recognized in unrestricted net assets:		
Net loss	\$ 18,415	\$ 439,118
Amortization of net gain/(loss)	(47,772)	(8,702)
Amortization of prior services credit	308	443
Amount recognized due to special event	(95,348)	-
Total recognized in other compensation income	<u>\$ (124,397)</u>	<u>\$ 430,859</u>
Total recognized in net periodic benefit cost and unrestricted net assets	<u>\$ 154,867</u>	<u>\$ 525,105</u>
Weighted average assumptions:	<u>2009</u>	<u>2008</u>
Discount rate	6.00%	5.50%
Expected return on plan assets	8.00%	8.00%
Rate of compensation increase	5.16%	5.12%

Basis Used to Determine Expected Long Term Return on Plan Assets – Historical and future expected returns of multiple asset classes were analyzed to develop a risk-free real rate of return and risk premiums for each asset class. The overall rate for each asset class was developed by combining a long-term inflation component, the risk-free real rate of return, and the associated risk premium. A weighted average rate was developed based on those overall rates and the target asset allocation of the plan.

Comparison of Obligations to Plan Assets – The projected benefit obligation for the defined benefit pension plan was \$1,811,413 and \$1,706,145 at December 31, 2009 and 2008, respectively. The accumulated benefit obligation for the defined benefit pension plan was \$1,310,054 and \$1,274,097 at December 31, 2009 and 2008, respectively. The fair value of plan assets for the defined benefit plan was \$1,314,149 and \$1,161,833 at December 31, 2009 and 2008, respectively.

Plan Assets by Category – The Plan’s weighted average asset allocations are as follows:

	<u>2009</u>	<u>2008</u>
Equity securities	60%	58%
Debt securities	34%	33%
Real estate	6%	9%
	<u>100%</u>	<u>100%</u>

Expected Cash Contributions – The United Way expects to contribute \$210,000 to its pension plan in 2010.

Estimated Future Benefit Payments – The following benefit payments, which reflect expected future services, are expected to be paid:

2010	\$ 290,000
2011	170,000
2012	18,000
2013	100,000
2014	70,000
Years 2015- 2019	820,000

In addition, United Way has a Section 403(b) qualified defined contribution plan. The United Way is committed to matching 50% of the first 4% of salary contributions for the thrift plan by each employee. Employer contributions to the thrift plan totaled \$28,483 and \$29,625 in 2009 and 2008, respectively.

Plan Assets – In developing the expected rate of return on plan assets, United Way considered the expected long-term rate of return on individual asset classes. Expected return on plan assets is based on the market related value of the assets. Substantially all of the pension assets and certain of the other postretirement assets are managed by an independent investment advisor with an objective of maximizing return, subject to assuming a prudent level of risk.

Fair value measurement using quoted prices in active markets for identical assets fall within Level 1 of the hierarchy, measurements using significant other observable inputs fall with Level 2, and measurements using significant unobservable inputs fall with Level 3. Equity securities and debt securities classified as Level 1 are valued at the fair value of the funds’ underlying securities. Real estate investment accounts are classified at Level 2 because the assets have inputs that are observable or can be corroborated by observable market date.

The estimated fair values and the valuation input levels of United Way’s plan assets as of December 31, 2009 are as follows:

	Pension Benefits	
	Level 1 Fair Value	Level 2 Fair Value
Equity securities	\$ 784,145	\$ -
Debt securities	446,456	-
Real estate	-	83,549
	<u>\$1,230,601</u>	<u>\$ 83,549</u>

(14) **Functional Expenses**

Services provided directly by United Way include expenses incurred in each of the following service areas for the year:

	<u>2009</u>	<u>2008</u>
Services and Outreach	\$ 1,576,259	\$ 635,280
Nurturing Young Children	-	606,767
Helping Youth Succeed	-	151,941
Strengthening Families & Neighborhoods	-	50,942
Workforce Development	109,592	294,720
Graduate Greenville	455,961	357,677
Building a Healthy Community	-	37,000
Institute for Child Success	71,041	-
Child Care Resource and Referral	476,835	-
Volunteer Income Tax Assistance	63,176	-
Care for Neighbors in Crisis	-	124,301
	<u>\$ 2,752,864</u>	<u>\$ 2,258,628</u>

(15) **Subsequent Events**

On January 1, 2010, Hands On Greenville, Inc., a South Carolina nonprofit corporation, merged with The United Way of Greenville County, Inc., the surviving entity. Nonprofit Corporation Articles of Merger were certified by the Secretary of State on December 23, 2009.

Subsequent events have been evaluated through May 4, 2010, which is the date the financial statements were available to be issued.