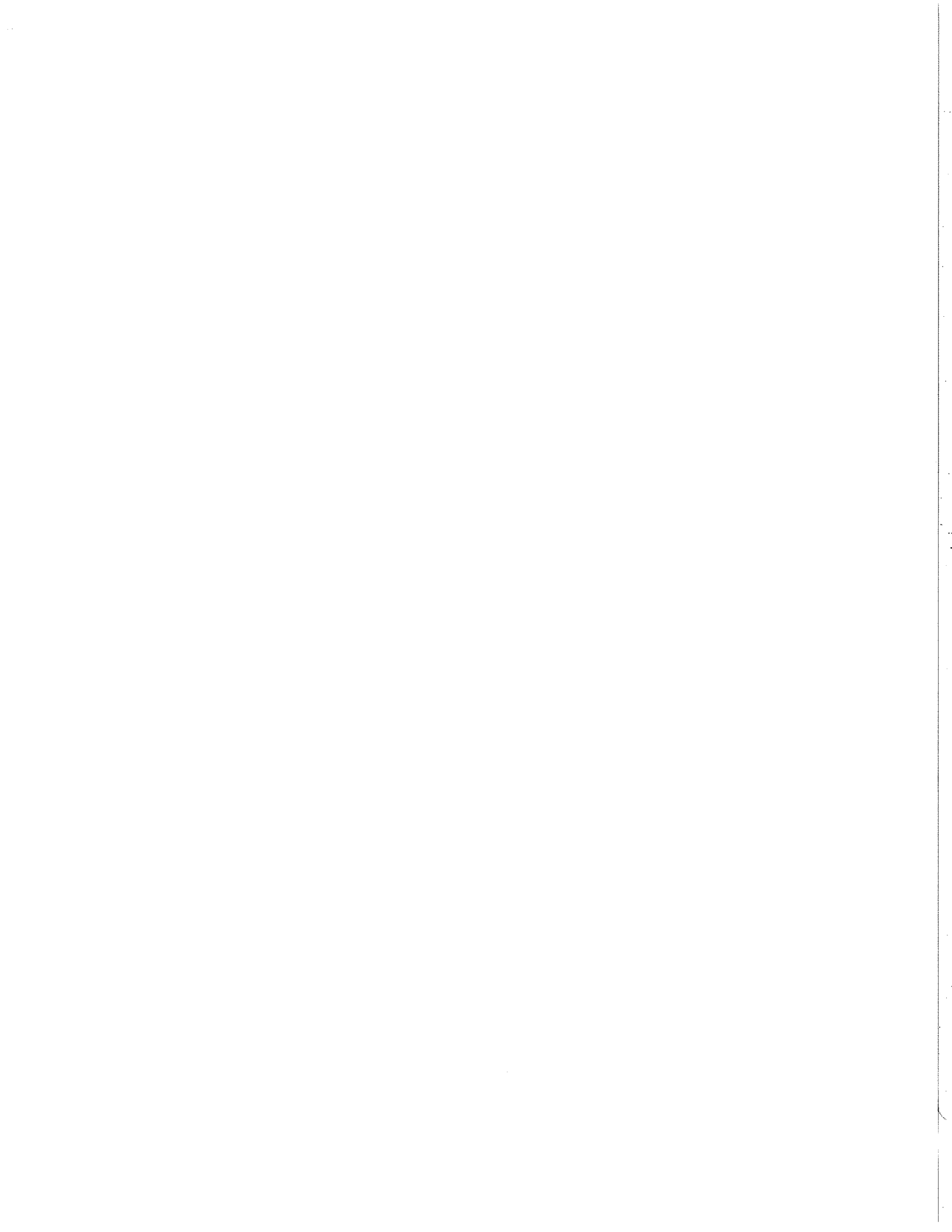


UNITED WAY OF
GREENVILLE COUNTY, INC.

Financial Statements

December 31, 2010
(with Independent
Auditors' Report thereon)

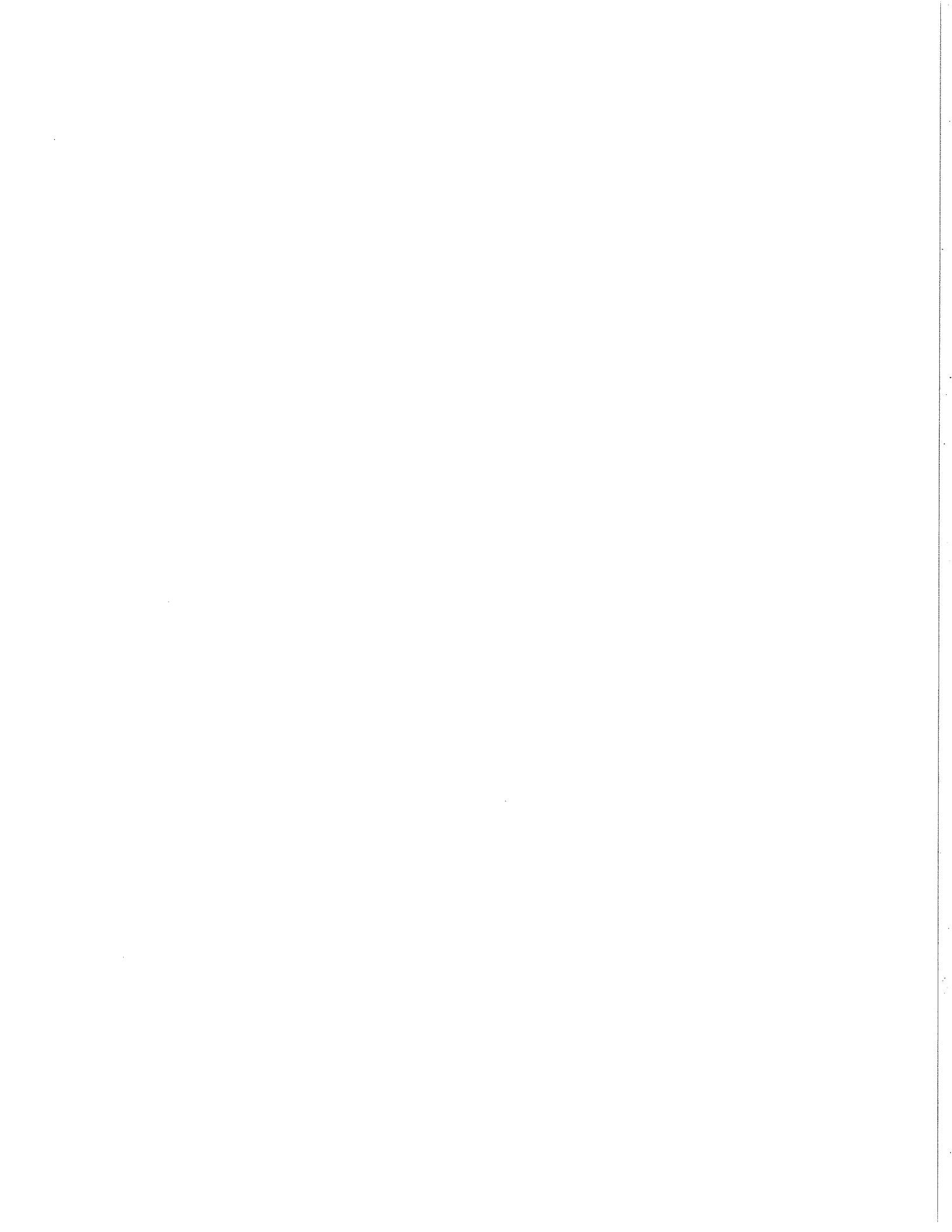


UNITED WAY OF GREENVILLE COUNTY, INC.

December 31, 2010

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DIXON HUGHES GOODMAN LLP
Certified Public Accountants and Advisors

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, 2010, 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, 2010, 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, 2009, from which the summarized information was derived.

Dixon Hughes Goodman LLP

May 9, 2011

UNITED WAY OF GREENVILLE COUNTY, INC.

Statement of Financial Position

December 31, 2010

(with comparative totals for 2009)

<u>Assets</u>	<u>2010</u>	<u>2009</u>
Current assets:		
Cash and cash equivalents	\$ 6,076,752	\$ 5,182,464
Certificates of deposits	1,020,833	1,342,100
Pledges receivable:		
Current portion of capital campaign	-	15,000
Fiscal year 2010/11 (less allowance for uncollectible pledges of \$1,250,000)	10,004,664	-
Fiscal year 2009/10 (less allowance for uncollectible pledges of \$1,250,000)	458,509	10,214,671
Fiscal year 2008/09 (less allowance for uncollectible pledges of \$1,389,000)	-	515,410
Total current portion of pledges receivable, net	<u>10,463,173</u>	<u>10,745,081</u>
Accrued interest	1,523	19,162
Other receivables	165,158	123,251
Prepaid expenses	90,260	82,833
Total current assets	<u>17,817,699</u>	<u>17,494,891</u>
Endowment funds held by other organization	3,016,395	2,758,096
Cash surrender value of life insurance policies	230,640	197,811
Property and equipment:		
Land	267,000	267,000
Building	1,721,242	1,721,242
Office furniture and equipment	1,025,268	991,833
	<u>3,013,510</u>	<u>2,980,075</u>
Less accumulated depreciation	1,031,645	925,061
Property and equipment, net	<u>1,981,865</u>	<u>2,055,014</u>
Pledges receivable:		
Fiscal year 2011/12 (less discount for future pledges of \$400)	133,222	215,208
Fiscal year 2012/13 (less discount for future pledges of \$600)	49,395	87,983
Total long-term portion of pledges receivable, net	<u>182,617</u>	<u>303,191</u>
Total assets	<u>\$ 23,229,216</u>	<u>\$ 22,809,003</u>

(Continued)

UNITED WAY OF GREENVILLE COUNTY, INC.

Statement of Financial Position (continued)

December 31, 2010

(with comparative totals for 2009)

	<u>2010</u>	<u>2009</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 24,836	\$ 103,336
Accrued expenses	750	1,297
Allocations payable	-	70,000
Grants payable	3,133	50,780
Due to designated agencies (less related portion of uncollectible pledges of \$142,000 for 2010 and \$164,000 for 2009)	1,482,722	2,278,574
Funds held for others	-	2,638
Deferred revenue - cost reimbursement on designations	<u>197,280</u>	<u>194,917</u>
Total current liabilities	1,708,721	2,701,542
Unfunded pension benefit obligation	<u>405,683</u>	<u>497,264</u>
Total liabilities	<u>2,114,404</u>	<u>3,198,806</u>
Net assets:		
Unrestricted:		
Designated by Board:		
Community initiatives	2,038,151	1,856,727
Funded operating reserve	2,547,181	2,547,181
Total designated by board	<u>4,585,332</u>	<u>4,403,908</u>
Undesignated, including investment in building, office furniture and equipment of \$1,981,865 in 2010 and \$2,055,014 in 2009	2,061,111	1,629,586
Total unrestricted	<u>6,646,443</u>	<u>6,033,494</u>
Temporarily restricted	11,684,160	10,923,814
Permanently restricted	<u>2,784,209</u>	<u>2,652,889</u>
Total net assets	<u>21,114,812</u>	<u>19,610,197</u>
Total liabilities and net assets	<u><u>\$ 23,229,216</u></u>	<u><u>\$ 22,809,003</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, 2010

(with comparative totals for 2009)

	2010			2009
	Unrestricted	Temporarily Restricted	Permanently Restricted	Combined Total
Revenues, gains and other support:				
Total current year campaign contributions	\$ 672,436	\$ 14,308,293	\$ -	\$ 14,980,729
Less donor designations	(193,845)	(2,188,921)	-	(2,382,766)
Campaign revenue less donor designations	478,591	12,119,372	-	12,597,963
Allowance for uncollectible pledges	(44,252)	(1,250,000)	-	(1,294,252)
Total current year net campaign revenue	434,339	10,869,372	-	11,303,711
Contributions received in prior years released from restriction, net	10,220,292	(10,220,292)	-	-
Net campaign revenue	10,654,631	649,080	-	11,303,711
Capital campaign contributions	-	-	-	1,202
Other contributions	388,875	-	131,320	520,195
Gifts in kind contributions	292,170	-	-	292,170
Private and government grants	554,477	217,224	-	771,701
Net investment income	35,013	33,652	-	68,665
Recovery of prior year pledges	387,083	-	-	387,083
Donor designation fees	243,441	-	-	243,441
Total revenues, gains and other support	12,555,690	899,956	131,320	13,586,966
Other releases:				
Grants received in prior year released from restriction	320,979	(320,979)	-	-
Total revenues, gains and other support net of assets released from restrictions	12,876,669	578,977	131,320	13,586,966
Allocations and other functional expenses:				
Community impact:				
Agency allocations and grants	9,344,708	-	-	9,344,708
Less donor designations	(2,518,153)	-	-	(2,518,153)
Community services and outreach	1,592,358	-	-	1,592,358
Community projects and initiatives	1,712,938	-	-	1,712,938
Total community impact	10,131,851	-	-	10,131,851
Supporting services:				
Community Campaign	2,021,247	-	-	2,021,247
Management and general	235,018	-	-	235,018
Total supporting services	2,256,265	-	-	2,256,265
Total expenses	12,388,116	-	-	12,388,116
Change in net assets before pension adjustment and unrealized appreciation on investments	488,553	578,977	131,320	1,198,850
Net change in pension benefit obligation	91,581	-	-	91,581
Net unrealized gain on investments	32,815	181,369	-	214,184
Change in net assets	612,949	760,346	131,320	1,504,615
Net assets, beginning of year	6,033,494	10,923,814	2,652,889	19,610,197
Net assets, end of year	\$ 6,646,443	\$ 11,684,160	\$ 2,784,209	\$ 21,114,812

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, 2010

(with comparative totals for 2009)

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,504,615	\$ 512,892
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	106,584	102,544
Net unrealized gains on investments	(214,184)	(425,258)
Net realized gains on investments	(8,606)	(6,674)
Net change in pension benefit obligation	(91,581)	(47,048)
Change in operating assets and liabilities:		
Pledges receivable	402,482	700,039
Accrued interest and other receivables	(44,015)	(27,456)
Prepaid expenses	(7,427)	(8,460)
Accounts payable	(78,500)	74,070
Accrued expenses	(547)	(2,857)
Allocations payable	(70,000)	1,430
Grants payable	(47,647)	(99,405)
Due to designated agencies	(795,852)	(45,721)
Funds held for others	(2,638)	(20,905)
Deferred revenue	2,363	33,161
Net cash provided by operating activities	<u>655,047</u>	<u>740,352</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments, net	272,676	922,524
Purchase of property and equipment	<u>(33,435)</u>	<u>(27,628)</u>
Net cash provided by investing activities	<u>239,241</u>	<u>894,896</u>
Net increase in cash and cash equivalents	894,288	1,635,248
Cash and cash equivalents at beginning of year	<u>5,182,464</u>	<u>3,547,216</u>
Cash and cash equivalents at end of year	<u>\$ 6,076,752</u>	<u>\$ 5,182,464</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, 2010
(with comparative totals for 2009)

	Community Impact			Supporting Services			Totals		
	Allocations and Grants	Community Services and Outreach	Community Projects & Initiatives	Total Community Impact	Community Campaign	Management & General	Total Supporting Services	2010	2009
Allocations and grants	\$ 9,344,708			\$ 9,344,708				\$ 9,344,708	\$ 9,725,906
Designations	(2,518,153)			(2,518,153)				(2,518,153)	(2,390,873)
	<u>6,826,555</u>			<u>6,826,555</u>				<u>6,826,555</u>	<u>7,335,033</u>
Functional expenses:									
Salaries and services		726,815	607,264	1,334,079	634,124	561,853	1,195,977	2,530,056	2,478,751
Employee benefits		198,741	147,982	346,723	199,777	160,857	360,634	707,357	616,288
Payroll taxes		55,440	49,019	104,459	49,597	39,956	89,553	194,012	178,980
Study, consultant, audit and professional fees		15,200	299,016	314,216	4,800	58,724	63,524	377,740	97,179
IT costs and software user fees		11,168	22,846	34,014	12,155	14,356	26,511	60,525	75,230
Supplies		27,181	81,897	109,078	316,301	20,945	337,246	446,324	352,952
Telephone		9,641	8,114	17,755	8,443	9,598	18,041	35,796	36,738
Postage		(1,929)	1,792	(137)	13,200	252	13,452	13,315	19,266
Occupancy		21,826	76,793	98,619	23,677	19,933	43,610	142,229	110,230
Equipment maintenance		7,492	4,027	11,519	6,389	5,117	11,506	23,025	18,933
Printing & promotional materials		14,874	84,513	99,387	165,112	15,145	180,257	279,644	212,889
Travel - local		2,311	30,953	33,264	8,253	976	9,229	42,493	37,515
Events & meetings		16,407	50,432	66,839	141,532	8,080	149,612	216,451	132,171
Org & Staff Development		18,195	22,904	41,099	10,811	24,752	35,563	76,662	78,450
Payments to affiliates		74,587	-	74,587	67,072	46,218	113,290	187,877	192,967
Other membership dues		992	2,358	3,350	1,355	6,703	8,058	11,408	10,574
Insurance		2,699	3,786	6,485	2,764	1,962	4,726	11,211	8,034
Miscellaneous		8	1,236	1,244	30,055	48,100	78,155	79,399	51,337
Specific assistance to individuals		16,410	3,043	19,453	-	-	-	19,453	8,424
Total before depreciation		1,218,058	1,497,975	2,716,033	1,695,417	1,043,527	2,738,944	5,454,977	4,716,908
Depreciation		32,968	8,892	41,860	35,196	29,528	64,724	106,584	102,544
		1,251,026	1,506,867	2,757,893	1,730,613	1,073,055	2,803,668	5,561,561	4,819,452
Allocation of management and general expenses		341,332	206,071	547,403	290,634	(838,037)	(547,403)	-	-
Total functional expenses		1,592,358	1,712,938	3,305,296	2,021,247	235,018	2,256,265	5,561,561	4,819,452
Total Allocations and Functional Expenses	\$ 6,826,555	\$ 1,592,358	\$ 1,712,938	\$ 10,131,851	\$ 2,021,247	\$ 235,018	\$ 2,256,265	\$ 12,388,116	\$ 12,154,485

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

UNITED WAY OF GREENVILLE COUNTY, INC.

Notes to the Financial Statements

December 31, 2010

(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 to be cash equivalents.

United Way maintains bank accounts at various financial institutions covered by the Federal Deposit Insurance Corporation ("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.

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, 2010, approximately \$292,000 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 – 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, 2010. Fiscal years ending on or after December 31, 2007 remain subject to examination by federal and state tax authorities.

(3) **Merger**

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.

(4) **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, 2010, contributors to United Way's annual campaigns have made unconditional promises to give, of which approximately \$12,964,000 will be received within one year. Management has estimated uncollectible pledges of approximately \$1,250,000 each for the 2010 campaign and the 2009 campaign. During 2010, United Way received \$184,000 in unconditional pledges that will be received in two to three years and management has estimated for a discount of approximately \$1,000, using an average discount rate of .45%.

(5) **Unrestricted Net Assets**

Unrestricted net assets at December 31 consist of the following:

	<u>2010</u>	<u>2009</u>
Designated by governing board:		
Community initiatives	\$ 2,038,151	\$ 1,856,727
Funded operating reserve	2,547,181	2,547,181
Total designated by governing board	4,585,332	4,403,908
Investment in property and equipment	1,981,865	2,055,014
Undesignated for general activities	484,929	71,836
Less: Unfunded pension benefit obligation	(405,683)	(497,264)
Undesignated for general activities, net	79,246	(425,428)
	<u>\$ 6,646,443</u>	<u>\$ 6,033,494</u>

(6) **Investments**

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

	<u>2010</u>	<u>2009</u>
Certificates of deposit	\$ 1,020,833	\$ 1,342,100
Endowment funds held by other organization	3,016,395	2,758,096
Cash surrender value of life insurance policies	230,640	197,811
Total	<u>\$ 4,267,868</u>	<u>\$ 4,298,007</u>

Net investment income is comprised of the following for the years ended December 31:

	<u>2010</u>	<u>2009</u>
Net investment income:		
Interest and dividends	\$ 60,059	\$ 81,615
Net realized gains on investments	8,606	6,674
	<u>\$ 68,665</u>	<u>\$ 88,289</u>

(7) **Fair Value Disclosures**

The Fair Value provision defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The provision does not require any new fair value measurements, but clarifies and standardizes some divergent practices that have emerged since prior guidance was issued. The provision creates a three-level hierarchy under which individual fair value estimates are to be ranked based on the relative reliability of the inputs used in the valuation.

The provision defines fair value as the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, United Way considers the principal or most advantageous market in which those assets or liabilities are sold and considers assumptions that market participants would use when pricing those assets or liabilities. Fair values determined using level 1 inputs rely on active and observable markets to price identical assets or liabilities. In situations where identical assets and liabilities are not traded in active markets, fair values may be determined based on level 2 inputs, which exist when observable data exists for similar assets and liabilities. Fair values for assets and liabilities that are not actively traded in observable markets are based on level 3 inputs, which are considered to be unobservable.

Among United Way's assets, investments and cash surrender value of life insurance policies were reported at their fair values on a recurring basis.

For assets carried at fair value, the following tables provide fair value information as of December 31, 2010 and 2009:

<i>Assets measured at fair value</i>	Fair value at December 31, 2010	Fair value measurements at December 31, 2010 using:		
		Quoted prices in active markets for identical assets and liabilities (Level 1 inputs)	Quoted prices for similar assets and liabilities (Level 2 inputs)	Significant unobservable inputs (Level 3 inputs)
Endowment funds held by other organization	\$ 3,016,395	\$ 3,016,395	\$ -	\$ -
Cash surrender value of life insurance policies	230,640	-	230,640	-
Total assets at fair value	\$ 3,247,035	\$ 3,016,395	\$ 230,640	\$ -

<i>Assets measured at fair value</i>	Fair value at December 31, 2009	Fair value measurements at December 31, 2009 using:		
		Quoted prices in active markets for identical assets and liabilities (Level 1 inputs)	Quoted prices for similar assets and liabilities (Level 2 inputs)	Significant unobservable inputs (Level 3 inputs)
Endowment funds held by other organization	\$ 2,758,096	\$ 2,758,096	\$ -	\$ -
Cash surrender value of life insurance policies	197,811	-	197,811	-
Total assets at fair value	\$ 2,955,907	\$ 2,758,096	\$ 197,811	\$ -

(8) Endowment Funds Held by Other Organizations

The Community Foundation of Greater Greenville (“Community Foundation”) manages endowment funds amounting to \$3,016,395 at December 31, 2010, 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 \$131,320 were transferred to Community Foundation during 2010. 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, 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, 2010:

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 105,207	\$ 2,652,889	\$ 2,758,096
Investment return:			
Net investment income	33,652	-	33,652
Net unrealized gain on investments	181,369	-	181,369
Total investment return	215,021	-	215,021
Contributions	-	131,320	131,320
Endowment net assets, end of year	<u>\$ 320,228</u>	<u>\$ 2,784,209</u>	<u>\$ 3,104,437</u>

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

United Way has purchased insurance on the lives of certain donors. As beneficiary, 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 \$230,640 and \$197,811 at December 31, 2010 and 2009, respectively.

(10) **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 2010. The future minimum lease commitment under the operating lease in 2011 is \$27,000.

(11) 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 United Way is obligated is recorded upon the board of directors' approval. The amount of grants payable is \$3,133 and \$50,780 at December 31, 2010 and 2009, respectively.

(12) Allocations Payable

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 \$- and \$70,000 at December 31, 2010 and 2009, respectively.

(13) 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 \$197,280 and \$194,917 at December 31, 2010 and 2009, respectively, represents cost reimbursements on designations that are payable at December 31, 2010 and 2009.

(14) 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 \$219,707 and \$201,915 in 2010 and 2009, 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, 2010 and 2009. The funded status for the Plan is measured as the difference between plan assets at fair value and the projected benefit obligation.

Cost Method – The projected unit credit cost method is used to determine the information about the defined benefit plan, summarized below. This method calculates each member's plan benefit as it accrues recognizing future salary increases to assumed retirement age. Each member's service cost is the present value of the benefit which will accrue during the year using expected future salary for salary related benefits. The projected benefit obligation is the present value of projected benefits based on service accrued to date.

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

	<u>2010</u>	<u>2009</u>
Change in projected benefit obligation:		
Benefit obligation at beginning of year	\$ 1,811,413	\$ 1,706,145
Service cost	121,931	105,589
Interest cost	95,818	88,269
Actuarial loss	72,066	213,219
Benefits paid	(51,535)	-
Effect of settlement	-	(301,809)
Benefit obligation at end of year	<u>\$ 2,049,693</u>	<u>\$ 1,811,413</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	1,314,149	1,161,833
Actual return on plan assets	161,689	252,210
Employer contributions	219,707	201,915
Benefits paid	(51,535)	-
Effect of settlement	-	(301,809)
Fair value of plan assets at end of year	<u>\$ 1,644,010</u>	<u>\$ 1,314,149</u>
Funded status at end of year:		
Funded status of the plan (under-funded)	<u>\$ (405,683)</u>	<u>\$ (497,764)</u>
Amounts recognized in the statement of financial position:		
Noncurrent assets	-	-
Current liabilities	-	-
Noncurrent liabilities	(405,683)	(497,264)
Total	<u>\$ (405,683)</u>	<u>\$ (497,264)</u>
Amounts recognized in accumulated unrestricted net assets:		
Total net (gain)/loss	\$ 526,070	\$ 572,356
Transition (asset)/obligation	-	-
Prior service cost/(credit)	922	1,095
Total accumulated unrestricted net assets	<u>\$ 526,992</u>	<u>\$ 573,451</u>
Weighted average assumptions used to determine benefit obligations:		
Discount rate	5.75%	5.75%
Rate of compensation increase	5.23%	5.16%

	<u>2010</u>	<u>2009</u>
Components of net periodic benefit cost:		
Service cost	\$ 121,931	\$ 105,589
Interest cost	95,818	88,269
Expected return on plan assets	(78,298)	(57,406)
Amortization of net loss	34,961	47,772
Amortization of transition (asset)/obligation	-	-
Amortization of prior service cost/(credit)	173	(308)
Effect of settlement	-	95,348
	<hr/>	<hr/>
Net periodic benefit cost	<u>\$ 174,585</u>	<u>\$ 279,264</u>
Other changes recognized in unrestricted net assets:		
Net (gain)/loss	\$ (11,325)	\$ 18,415
Amortization of net loss	(34,961)	(47,772)
Amortization of prior services (cost)/credit	(173)	308
Amount recognized due to special event	-	(95,348)
	<hr/>	<hr/>
Total recognized in other compensation income	<u>\$ (46,459)</u>	<u>\$ (124,397)</u>
	<hr/>	<hr/>
Total recognized in net periodic benefit cost and unrestricted net assets	<u>\$ 128,126</u>	<u>\$ 154,867</u>
Weighted average assumptions:		
	<u>2010</u>	<u>2009</u>
Discount rate	5.75%	6.00%
Expected return on plan assets	8.25%	8.00%
Rate of compensation increase	5.16%	5.16%

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 \$2,049,693 and \$1,811,413 at December 31, 2010 and 2009, respectively. The accumulated benefit obligation for the defined benefit pension plan was \$1,491,142 and \$1,310,054 at December 31, 2010 and 2009, respectively. The fair value of plan assets for the defined benefit plan was \$1,644,010 and \$1,314,149 at December 31, 2010 and 2009, respectively.

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

	<u>2010</u>	<u>2009</u>
Equity securities	62%	60%
Debt securities	38%	34%
Real estate	0%	6%
	<u>100%</u>	<u>100%</u>

Expected Cash Contributions – The United Way expects to contribute \$228,439 to the plan in 2011.

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

2011	\$ 440,000
2012	17,000
2013	38,000
2014	73,000
2015	100,000
Years 2016- 2020	1,290,000

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. All of the pension 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.

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 \$30,928 and \$28,483 in 2010 and 2009, respectively.

(15) Functional Expenses

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

	<u>2010</u>	<u>2009</u>
Services and Outreach	\$ 1,251,026	\$ 1,576,259
2-1-1	5,326	-
Americorps	125,382	-
Greenville Dreams	14,955	-
Workforce Development	48,686	109,592
Graduate Greenville	408,161	455,961
Institute for Child Success	160,695	71,041
Child Care Resource and Referral	410,213	476,835
Volunteer Income Tax Assistance	111,423	63,176
Hands on Greenville	222,026	-
	<u>\$ 2,757,893</u>	<u>\$ 2,752,864</u>

(16) Subsequent Events

Subsequent events have been evaluated through May 9, 2011, which is the date the financial statements were available to be issued.

