

UNITED WAY OF SOUTHEASTERN PENNSYLVANIA

FINANCIAL STATEMENTS

FOR THE YEARS ENDED
JUNE 30, 2010 AND 2009

UNITED WAY OF SOUTHEASTERN PENNSYLVANIA

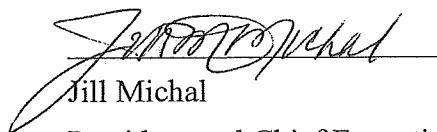
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CERTIFICATIONS

I hereby certify that:

1. I have reviewed the financial statements of United Way of Southeastern Pennsylvania for the year ended June 30, 2010.
2. Based on my knowledge, these financial statements do not contain any untrue statement of a material fact or omit a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present, in all material respects, the financial condition, results of operations and cash flows of United Way of Southeastern Pennsylvania as of, and for the period ended June 30, 2010.



Jill Michal

President and Chief Executive Officer

11/22/10

Date



Karen Cleary

VP of Finance and Operations

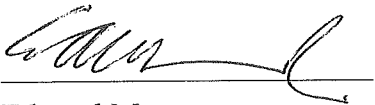
11/22/10

Date

CERTIFICATIONS

I hereby certify that:

1. I have reviewed the financial statements of United Way of Southeastern Pennsylvania for the year ended June 30, 2010.
2. Based on my knowledge, these financial statements do not contain any untrue statement of a material fact or omit a material fact, with respect to Campaign revenue, necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading.



Edward Montgomery

Vice President – Relationship Management

11/22/10

Date

INDEPENDENT AUDITORS' REPORT


To the Board of Directors of
United Way of Southeastern Pennsylvania

We have audited the accompanying consolidated statements of financial position of United Way of Southeastern Pennsylvania (“UWSEPA”) and Strategic Community Solutions (“SCS”) as of June 30, 2010 and 2009, and the related consolidated statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of UWSEPA’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States 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 consolidated financial position of United Way of Southeastern Pennsylvania and Strategic Community Solutions as of June 30, 2010 and 2009, and changes in their net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the financial statements of United Way of Southeastern Pennsylvania and Strategic Community Solutions taken as a whole. The accompanying supplemental information on pages 34-37 are presented for the purpose of additional analysis and are not a required part of the financial statements. Such supplemental information has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion are fairly stated, in all material respects in relation to the financial statements taken as a whole.



Philadelphia, PA
November 22, 2010

United Way of Southeastern Pennsylvania
Consolidated Statements of Financial Position
June 30, 2010 and 2009

Assets

	<u>2010</u>	<u>2009</u>
Current Assets:		
Cash and cash equivalents	\$ 4,028,346	\$ 2,743,401
Pledges receivable, net (Note 3)	18,389,699	19,837,160
Grants receivable (Note 4)	1,124,616	1,615,327
Short-term investments, at fair value (Note 7)	12,892,346	12,399,277
Legacies and bequests receivable (Note 6)	1,250,000	-
Notes receivable (Note 5)	90,842	74,673
Other current assets	<u>527,830</u>	<u>445,726</u>
Total current assets	38,303,679	37,115,564
Land, building and equipment, net of accumulated depreciation (Note 8)	2,922,708	2,586,901
Long-term investments, at fair value (Note 7)	23,413,230	21,001,139
Long-term pledges receivable, net (Note 3)	254,256	460,195
Long-term portion of notes receivable (Note 5)	7,946	82,618
Long-term portion of grants receivable (Note 4)	-	107,056
Long-term legacies and bequests receivable, net (Note 6)	6,666,165	-
Other non-current assets	<u>-</u>	<u>10,500</u>
Total assets	<u>\$ 71,567,984</u>	<u>\$ 61,363,973</u>
Liabilities and Net Assets		
Current Liabilities:		
Distributions payable to agencies, including donor designations of \$12,715,226 and \$13,075,135 in 2010 and 2009, respectively	\$ 23,968,941	\$ 25,837,033
Deferred revenue	1,073,417	246,322
Short-term capital lease obligation	49,599	-
Accounts payable and accrued expenses (Note 10)	<u>2,590,004</u>	<u>2,202,429</u>
Total current liabilities	<u>27,681,961</u>	<u>28,285,784</u>
Long-term distributions payable to agencies	-	558,162
Long-term capital lease obligation	53,151	-
Long-term accrued pension obligation	<u>2,266,098</u>	<u>1,762,626</u>
Total liabilities	<u>30,001,210</u>	<u>30,606,572</u>
Net assets		
Unrestricted (Note 11)		
Undesignated	2,061,402	1,336,387
Board designated	<u>30,908,203</u>	<u>20,212,797</u>
Total unrestricted	32,969,605	21,549,184
Temporarily restricted (Note 12)	6,842,919	7,453,967
Permanently restricted (Note 13)	<u>1,754,250</u>	<u>1,754,250</u>
Total net assets	<u>41,566,774</u>	<u>30,757,401</u>
Total liabilities and net assets	<u>\$ 71,567,984</u>	<u>\$ 61,363,973</u>

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

United Way of Southeastern Pennsylvania
Consolidated Statements of Activities and Changes in Net Assets
For the year ended June 30, 2010
(with summarized information for the year ended June 30, 2009)

	Undesignated Unrestricted	Board Designated Unrestricted	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2010	Total 2009
Operating activities:							
Public support:							
Gross annual campaign (Note 16)	\$ 43,941,952	\$ -	\$ 43,941,952	\$ 3,461,956	\$ -	\$ 47,403,908	\$ 51,765,648
Gross annual campaign raised in prior year released from restrictions	706,748	-	706,748	(706,748)	-	-	-
Program restricted campaign gifts raised in prior year released from restrictions	2,598,974	-	2,598,974	(2,598,974)	-	-	-
Less - Amounts raised on behalf of others	<u>(22,924,551)</u>	<u>-</u>	<u>(22,924,551)</u>	<u>(35,951)</u>	<u>-</u>	<u>(22,960,502)</u>	<u>(23,625,004)</u>
Gross undesignated annual campaign	24,323,123	-	24,323,123	120,283	-	24,443,406	28,140,644
Provision for uncollectible pledges	<u>(760,207)</u>	<u>-</u>	<u>(760,207)</u>	<u>-</u>	<u>-</u>	<u>(760,207)</u>	<u>(1,213,688)</u>
Net annual campaign	23,562,916	-	23,562,916	120,283	-	23,683,199	26,926,956
Grants and other contributions	<u>2,134,052</u>	<u>-</u>	<u>2,134,052</u>	<u>866,850</u>	<u>-</u>	<u>3,000,902</u>	<u>6,058,467</u>
Total public support	<u>25,696,968</u>	<u>-</u>	<u>25,696,968</u>	<u>987,133</u>	<u>-</u>	<u>26,684,101</u>	<u>32,985,423</u>
Revenue:							
Allocable dollars from other United Ways	155,159	-	155,159	-	-	155,159	229,707
Administrative fees on amounts raised on behalf of others	2,351,320	-	2,351,320	-	-	2,351,320	2,419,059
Legacies and bequests	-	8,780,184	8,780,184	128,662	-	8,908,846	648,010
Rental and miscellaneous income	714,455	-	714,455	-	-	714,455	656,668
Net assets released from restrictions	1,834,941	-	1,834,941	(1,834,941)	-	-	-
Transfer of contributions designated by Board for initiatives	(4,039,296)	4,039,296	-	-	-	-	-
Application of spending policy funds (Note 14)	1,211,898	(1,059,256)	152,642	(49,915)	(102,727)	-	-
Investment income used for operations	360,133	396,377	756,510	11,900	59,321	827,731	942,041
Realized and unrealized gains and losses used for operations	217,503	662,879	880,382	38,015	43,406	961,803	-
Transfer of funding for capital transactions	(287,526)	287,526	-	-	-	-	-
Transfer of funding set aside for Campaign Partner grants	(960,723)	960,723	-	-	-	-	-
Donated materials and services (Note 2)	<u>901,702</u>	<u>-</u>	<u>901,702</u>	<u>-</u>	<u>-</u>	<u>901,702</u>	<u>999,360</u>
Total revenue	<u>2,459,566</u>	<u>14,067,729</u>	<u>16,527,295</u>	<u>(1,706,279)</u>	<u>-</u>	<u>14,821,016</u>	<u>5,894,845</u>
Total public support and revenue	<u>28,156,534</u>	<u>14,067,729</u>	<u>42,224,263</u>	<u>(719,146)</u>	<u>-</u>	<u>41,505,117</u>	<u>38,880,268</u>
Distributions and expenses:							
Distributions and related items							
Distributions to agencies	31,043,660	-	31,043,660	-	-	31,043,660	32,683,709
Less - donor designated distributions to agencies	<u>(20,570,731)</u>	<u>-</u>	<u>(20,570,731)</u>	<u>-</u>	<u>-</u>	<u>(20,570,731)</u>	<u>(21,203,445)</u>
Net distributions to agencies	10,472,929	-	10,472,929	-	-	10,472,929	11,480,264
Special distributions and projects	<u>4,577,074</u>	<u>3,636,099</u>	<u>8,213,173</u>	<u>-</u>	<u>-</u>	<u>8,213,173</u>	<u>10,086,808</u>
Total distributions	15,050,003	3,636,099	18,686,102	-	-	18,686,102	21,567,072
Expenses							
Fundraising and marketing	3,702,953	-	3,702,953	-	-	3,702,953	4,157,441
Donated fundraising and marketing materials and services	166,000	-	166,000	-	-	166,000	826,000
General and administrative	3,363,241	-	3,363,241	-	-	3,363,241	3,220,598
Donated general and administrative materials and services	413,702	-	413,702	-	-	413,702	173,360
Total cost of campaign	<u>7,645,896</u>	<u>-</u>	<u>7,645,896</u>	<u>-</u>	<u>-</u>	<u>7,645,896</u>	<u>8,377,399</u>
Program services							
Community impact	2,991,594	-	2,991,594	-	-	2,991,594	2,818,102
Donated community impact materials and services	322,000	-	322,000	-	-	322,000	-
Other program services	407,738	296,452	704,190	-	-	704,190	1,002,863
Grant expenditures	<u>1,835,471</u>	<u>-</u>	<u>1,835,471</u>	<u>-</u>	<u>-</u>	<u>1,835,471</u>	<u>1,806,799</u>
Total program services	5,556,803	296,452	5,853,255	-	-	5,853,255	5,627,764
Total expenses and program services	<u>13,202,699</u>	<u>296,452</u>	<u>13,499,151</u>	<u>-</u>	<u>-</u>	<u>13,499,151</u>	<u>14,005,163</u>
Total distributions and expenses	<u>28,252,702</u>	<u>3,932,551</u>	<u>32,185,253</u>	<u>-</u>	<u>-</u>	<u>32,185,253</u>	<u>35,572,235</u>
Changes in net assets from operating activities	<u>(96,168)</u>	<u>10,135,178</u>	<u>10,039,010</u>	<u>(719,146)</u>	<u>-</u>	<u>9,319,864</u>	<u>3,308,033</u>
Non-operating activities:							
Investment income	42	-	42	-	-	42	48
Interest expense	(32,559)	-	(32,559)	-	-	(32,559)	-
Net realized and unrealized gains/losses	746,579	1,143,191	1,889,770	16,602	197,093	2,103,465	(6,283,617)
Loss on disposal of fixed assets	1,524	-	1,524	-	-	1,524	-
Other changes in net assets (Note 11 and 13)	105,597	(582,963)	(477,366)	91,496	(197,093)	(582,963)	(1,091,173)
Changes in net assets from non-operating activities	<u>821,183</u>	<u>560,228</u>	<u>1,381,411</u>	<u>108,098</u>	<u>-</u>	<u>1,489,509</u>	<u>(7,374,742)</u>
Changes in net assets	725,015	10,695,406	11,420,421	(611,048)	-	10,809,373	(4,066,709)
Net assets at the beginning of the year	1,336,387	20,212,797	21,549,184	7,453,967	1,754,250	30,757,401	34,824,110
Net assets at the end of the year	<u>\$ 2,061,402</u>	<u>\$ 30,908,203</u>	<u>\$ 32,969,605</u>	<u>\$ 6,842,919</u>	<u>\$ 1,754,250</u>	<u>\$ 41,566,774</u>	<u>\$ 30,757,401</u>

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

United Way of Southeastern Pennsylvania
Consolidated Statements of Activities and Changes in Net Assets
For the year ended June 30, 2009

	Undesignated Unrestricted	Board Designated Unrestricted	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2009
Operating activities:						
Public support:						
Gross annual campaign (Note 16)	\$ 47,700,449	\$ -	\$ 47,700,449	\$ 4,065,199	\$ -	\$51,765,648
Gross annual campaign raised in prior year released from restrictions	488,081	-	488,081	(488,081)	-	-
Program restricted campaign gifts raised in prior year released from restrictions	2,568,550	-	2,568,550	(2,568,550)	-	-
Less - Amounts raised on behalf of others	<u>(23,625,004)</u>	<u>-</u>	<u>(23,625,004)</u>	<u>-</u>	<u>-</u>	<u>(23,625,004)</u>
Gross undesignated annual campaign	27,132,076	-	27,132,076	1,008,568	-	28,140,644
Provision for uncollectible pledges	<u>(1,213,688)</u>	<u>-</u>	<u>(1,213,688)</u>	<u>-</u>	<u>-</u>	<u>(1,213,688)</u>
Net annual campaign	25,918,388	-	25,918,388	1,008,568	-	26,926,956
Grants and other contributions	<u>2,693,687</u>	<u>-</u>	<u>2,693,687</u>	<u>3,364,780</u>	<u>-</u>	<u>6,058,467</u>
Total public support	<u>28,612,075</u>	<u>-</u>	<u>28,612,075</u>	<u>4,373,348</u>	<u>-</u>	<u>32,985,423</u>
Revenue:						
Allocable dollars from other United Ways	229,707	-	229,707	-	-	229,707
Administrative fees on amounts raised on behalf of others	2,419,059	-	2,419,059	-	-	2,419,059
Legacies and bequests	-	648,010	648,010	-	-	648,010
Rental and miscellaneous income	656,668	-	656,668	-	-	656,668
Net assets released from restrictions	3,373,294	-	3,373,294	(3,373,294)	-	-
Transfer of contributions designated by Board for initiatives	(3,806,634)	3,806,634	-	-	-	-
Application of spending policy funds (Note 14)	1,206,552	(1,040,305)	166,247	(52,794)	(113,453)	-
Investment income used for operations	364,898	480,777	845,675	24,761	71,605	942,041
Transfer of funding for capital transactions	108,211	(108,211)	-	-	-	-
Transfer of funding set aside for Campaign Partner grants	(1,921,445)	1,921,445	-	-	-	-
Transfer of funding set aside for capital reserve	(48,282)	48,282	-	-	-	-
Transfer of funding set aside for transitional funding grants	(198,527)	198,527	-	-	-	-
Donated materials and services (Note 2)	<u>999,360</u>	<u>-</u>	<u>999,360</u>	<u>-</u>	<u>-</u>	<u>999,360</u>
Total revenue	<u>3,382,861</u>	<u>5,955,159</u>	<u>9,338,020</u>	<u>(3,401,327)</u>	<u>(41,848)</u>	<u>5,894,845</u>
Total public support and revenue	<u>31,994,936</u>	<u>5,955,159</u>	<u>37,950,095</u>	<u>972,021</u>	<u>(41,848)</u>	<u>38,880,268</u>
Distributions and expenses:						
Distributions and related items						
Distributions to agencies	32,683,709	-	32,683,709	-	-	32,683,709
Less - donor designated distributions to agencies	<u>(21,203,445)</u>	<u>-</u>	<u>(21,203,445)</u>	<u>-</u>	<u>-</u>	<u>(21,203,445)</u>
Net distributions to agencies	11,480,264	-	11,480,264	-	-	11,480,264
Special distributions and projects	<u>6,601,681</u>	<u>3,485,127</u>	<u>10,086,808</u>	<u>-</u>	<u>-</u>	<u>10,086,808</u>
Total distributions	18,081,945	3,485,127	21,567,072	-	-	21,567,072
Expenses						
Fundraising and marketing	4,157,441	-	4,157,441	-	-	4,157,441
Donated fundraising and marketing materials and services	826,000	-	826,000	-	-	826,000
General and administrative	3,220,598	-	3,220,598	-	-	3,220,598
Donated general and administrative materials and services	<u>173,360</u>	<u>-</u>	<u>173,360</u>	<u>-</u>	<u>-</u>	<u>173,360</u>
Total cost of campaign	8,377,399	-	8,377,399	-	-	8,377,399
Program services						
Community impact	2,818,102	-	2,818,102	-	-	2,818,102
Other program services	533,786	469,077	1,002,863	-	-	1,002,863
Grant expenditures	<u>1,806,799</u>	<u>-</u>	<u>1,806,799</u>	<u>-</u>	<u>-</u>	<u>1,806,799</u>
Total program services	5,158,687	469,077	5,627,764	-	-	5,627,764
Total expenses and program services	<u>13,536,086</u>	<u>469,077</u>	<u>14,005,163</u>	<u>-</u>	<u>-</u>	<u>14,005,163</u>
Total distributions and expenses	<u>31,618,031</u>	<u>3,954,204</u>	<u>35,572,235</u>	<u>-</u>	<u>-</u>	<u>35,572,235</u>
Changes in net assets from operating activities	376,905	2,000,955	2,377,860	972,021	(41,848)	3,308,033
Non-operating activities:						
Investment income	48	-	48	-	-	48
Net realized and unrealized losses	(1,211,163)	(4,354,839)	(5,566,002)	(108,720)	(608,895)	(6,283,617)
Other changes in net assets (Note 11 and 13)	<u>(146,843)</u>	<u>(1,091,173)</u>	<u>(1,238,016)</u>	<u>(503,900)</u>	<u>650,743</u>	<u>(1,091,173)</u>
Changes in net assets from non-operating activities	(1,357,958)	(5,446,012)	(6,803,970)	(612,620)	41,848	(7,374,742)
Changes in net assets	(981,053)	(3,445,057)	(4,426,110)	359,401	-	(4,066,709)
Net assets at the beginning of the year	2,317,440	23,657,854	25,975,294	7,094,566	1,754,250	34,824,110
Net assets at the end of the year	<u>\$ 1,336,387</u>	<u>\$ 20,212,797</u>	<u>\$ 21,549,184</u>	<u>\$ 7,453,967</u>	<u>\$ 1,754,250</u>	<u>\$30,757,401</u>

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

United Way of Southeastern Pennsylvania
Consolidated Statement of Cash Flows
For the years ended June 30, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Total change in net assets	\$ 10,809,373	\$ (4,066,709)
Adjustments to reconcile total change in net assets to net cash provided by operating activities		
Depreciation	545,260	461,560
Gain on disposal of assets	(1,524)	-
Net realized and unrealized gains/loss on investments	(3,065,268)	6,283,617
Provision for uncollectible pledges, net of recoveries	760,207	1,213,688
Changes in assets and liabilities		
Decrease (increase) in pledges receivable	893,193	(1,659,883)
Decrease (increase) in grants receivable, net	597,767	(1,285,875)
(Increase) decrease in other assets	(70,080)	156,533
Increase in legacies and bequests receivable	(7,916,165)	-
Decrease in notes receivable	58,503	56,282
Decrease in distributions payable to agencies	(2,426,254)	(11,016,428)
Increase (decrease) in deferred revenue	827,095	(331,247)
Increase in accounts payable and accrued expenses	891,047	629,892
Net cash provided by (used in) operating activities	1,903,154	(9,558,570)
Cash flows from investing activities:		
Purchases of equipment	(728,129)	(360,848)
Net sales of investments	160,108	778,451
Net cash (used in)provided by investing activities	(568,021)	417,603
Cash flows from financing activities:		
Payments on capital leases	(50,188)	-
Net cash used in financing activities	(50,188)	-
Net increase(decrease) in cash and cash equivalents	1,284,945	(9,140,967)
Cash and cash equivalents, beginning of year	2,743,401	11,884,368
Cash and cash equivalents, end of year	\$ 4,028,346	\$ 2,743,401
Supplemental information:		
Cash paid for interest	\$ 32,559	\$ -
Fixed assets acquired through capital leases	\$ 152,938	\$ -

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

United Way of Southeastern Pennsylvania
Consolidated Statement of Functional Expenses
For the year ended June 30, 2010
(with summarized information for the year ended June 30, 2009)

	Program Services				Support Services			June 30, 2010	June 30, 2009
	Community Impact	Other Program Services	Grants	Total	General and Administrative	Fundraising	Total		
Distributions to agencies	\$ 31,043,660	\$ -	\$ -	\$ 31,043,660	\$ -	\$ -	\$ -	\$ 31,043,660	\$ 32,683,709
Less: Donor designated distributions	(20,570,731)	-	-	(20,570,731)	-	-	-	(20,570,731)	(21,203,445)
Special distributions and projects	8,213,173	-	-	8,213,173	-	-	-	8,213,173	10,086,808
Total distributions	<u>18,686,102</u>	<u>-</u>	<u>-</u>	<u>18,686,102</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,686,102</u>	<u>21,567,072</u>
Salaries	1,754,821	113,374	618,253	2,486,448	1,728,608	1,761,424	3,490,032	5,976,480	6,307,632
Employee health and retirement benefits	224,606	18,116	77,475	320,197	243,796	259,211	503,007	823,204	836,731
Payroll taxes	139,048	14,652	50,067	203,767	140,439	141,878	282,317	486,084	476,981
Total salaries and related expenses	<u>2,118,475</u>	<u>146,142</u>	<u>745,795</u>	<u>3,010,412</u>	<u>2,112,843</u>	<u>2,162,513</u>	<u>4,275,356</u>	<u>7,285,768</u>	<u>7,621,344</u>
Professional service and contract payments	202,558	247,020	620,389	1,069,967	368,245	366,997	735,242	1,805,209	1,793,675
Donated professional service and contract payments	322,000	-	-	322,000	413,702	10,000	423,702	745,702	183,360
Office services	-	-	-	-	266,215	-	266,215	266,215	273,592
Supplies	10,968	16,706	38,881	66,555	15,378	15,151	30,529	97,084	103,161
Telephone	33,717	4,410	8,175	46,302	36,671	43,986	80,657	126,959	137,618
Postage and shipping	4,517	3,300	927	8,744	42,779	39,455	82,234	90,978	91,848
Occupancy	191,779	48,439	17,830	258,048	247,880	291,293	539,173	797,221	747,795
Outside printing, artwork and advertising	16,739	82,703	63,856	163,298	10,467	184,721	195,188	358,486	466,678
Donated outside printing, artwork and advertising	-	-	-	-	-	156,000	156,000	156,000	816,000
Travel, training and meetings	75,435	82,293	146,209	303,937	46,591	184,213	230,804	534,741	456,319
Grant overhead reimbursement	-	-	184,485	184,485	(184,485)	-	(184,485)	-	-
Membership dues	31,365	10,071	150	41,586	6,008	5,186	11,194	52,780	72,457
Equipment rental and repairs	15,255	12,081	8,892	36,228	38,261	44,601	82,862	119,090	168,802
Miscellaneous	728	171	(119)	780	19,362	(424)	18,938	19,718	108,514
Depreciation of building and equipment	140,677	40,895	-	181,572	182,662	181,026	363,688	545,260	461,560
United Way of America dues	149,382	9,959	-	159,341	154,364	184,235	338,599	497,940	502,440
Total other operating expenses	<u>1,195,120</u>	<u>558,048</u>	<u>1,089,675</u>	<u>2,842,843</u>	<u>1,664,100</u>	<u>1,706,440</u>	<u>3,370,540</u>	<u>6,213,383</u>	<u>6,383,819</u>
Total operating expenses	<u>3,313,595</u>	<u>704,190</u>	<u>1,835,470</u>	<u>5,853,255</u>	<u>3,776,943</u>	<u>3,868,953</u>	<u>7,645,896</u>	<u>13,499,151</u>	<u>14,005,163</u>
Total expenses	<u>\$ 21,999,697</u>	<u>\$ 704,190</u>	<u>\$ 1,835,470</u>	<u>\$ 24,539,357</u>	<u>\$ 3,776,943</u>	<u>\$ 3,868,953</u>	<u>\$ 7,645,896</u>	<u>\$ 32,185,253</u>	<u>\$ 35,572,235</u>

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

United Way of Southeastern Pennsylvania
Consolidated Statement of Functional Expenses
For the year ended June 30, 2009

	Program Services				Support Services			June 30, 2009
	Community Impact	Other Program Services	Grants	Total	General and Administrative	Fundraising	Total	
Distributions to agencies	\$ 32,683,709	\$ -	\$ -	\$ 32,683,709	\$ -	\$ -	\$ -	\$ 32,683,709
Less: Donor designated distributions	(21,203,445)	-	-	(21,203,445)	-	-	-	(21,203,445)
Special distributions and projects	10,086,808	-	-	10,086,808	-	-	-	10,086,808
Total distributions	21,567,072	-	-	21,567,072	-	-	-	21,567,072
Salaries	1,624,535	222,173	722,468	2,569,176	1,696,168	2,042,288	3,738,456	6,307,632
Employee health and retirement benefits	201,657	33,106	85,036	319,799	214,209	302,723	516,932	836,731
Payroll taxes	129,002	23,522	62,218	214,742	122,777	139,462	262,239	476,981
Total salaries and related expenses	1,955,194	278,801	869,722	3,103,717	2,033,154	2,484,473	4,517,627	7,621,344
Professional service and contract payments	206,329	387,698	492,195	1,086,222	318,980	388,473	707,453	1,793,675
Donated professional service and contract payments	-	-	-	-	173,360	10,000	183,360	183,360
Office services	-	-	-	-	273,592	-	273,592	273,592
Supplies	15,667	35,190	25,728	76,585	12,721	13,855	26,576	103,161
Telephone	31,598	5,685	13,948	51,231	36,310	50,077	86,387	137,618
Postage and shipping	4,706	6,970	1,553	13,229	46,761	31,858	78,619	91,848
Occupancy	169,727	32,665	47,533	249,925	245,752	252,118	497,870	747,795
Outside printing, artwork and advertising	40,969	64,190	51,910	157,069	12,753	296,856	309,609	466,678
Donated outside printing, artwork and advertising	-	-	-	-	-	816,000	816,000	816,000
Travel, training and meetings	97,338	65,141	74,292	236,771	33,432	186,116	219,548	456,319
Grant overhead reimbursement	-	-	220,548	220,548	(220,548)	-	(220,548)	-
Membership dues	37,358	17,781	215	55,354	10,083	7,020	17,103	72,457
Equipment rental and repairs	20,607	47,711	3,805	72,123	45,583	51,096	96,679	168,802
Miscellaneous	288	-	5,350	5,638	30,995	71,881	102,876	108,514
Depreciation of building and equipment	103,989	40,433	-	144,422	173,039	144,099	317,138	461,560
United Way of America dues	134,332	20,598	-	154,930	167,991	179,519	347,510	502,440
Total other operating expenses	862,908	724,062	937,077	2,524,047	1,360,804	2,498,968	3,859,772	6,383,819
Total operating expenses	2,818,102	1,002,863	1,806,799	5,627,764	3,393,958	4,983,441	8,377,399	14,005,163
Total expenses	\$ 24,385,174	\$ 1,002,863	\$ 1,806,799	\$ 27,194,836	\$ 3,393,958	\$ 4,983,441	\$ 8,377,399	\$ 35,572,235

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

United Way of Southeastern Pennsylvania
Notes to Financial Statements
For the years ended June 30, 2010 and 2009

1. Organization and Summary of Significant Accounting Policies

United Way of Southeastern Pennsylvania (“United Way”) is a voluntary organization, established in 1921, whose mission is to improve people’s lives by mobilizing the caring power of donors, volunteers, and communities.

United Way is a tax-exempt organization under the Internal Revenue Code Section 501(c)(3) and has been classified by the Internal Revenue Service as a publicly-supported organization. United Way is governed by a volunteer Board of Directors.

United Way conducts an annual campaign that raises funds to address the most pressing needs in the community through its Community Impact Fund. Donors to the campaign who contribute to the Community Impact Fund allow their funds to be allocated in accordance with United Way’s Community Solutions Agenda by United Way’s Community Impact Committee, which reports to the Board of Directors. Donors may also designate their funds to one or more of 5,000 local health and human services organizations.

Effective July 2, 2007, United Way combined operations with the United Way of Western Montgomery County (“UWWMC”). The former UWWMC raised funds to support member agencies in the Pottstown, Upper Perkiomen Valley and Collegeville-Trappe areas of Pennsylvania.

Strategic Community Solutions (“SCS”) is a not-for-profit organization incorporated on December 20, 2004, as a separate, but supporting organization of United Way. SCS was formed to accept non-traditional gifts, such as real estate, art, etc. in support of United Way’s Community Impact Plan. SCS is a tax-exempt organization under the Internal Revenue Code Section 501(c)(3) and is governed by a volunteer Board of Directors.

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of United Way have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements include the accounts of United Way and SCS. SCS is an entity controlled by United Way. All intercompany accounts and transactions are eliminated for consolidation.

Certain prior year amounts have been reclassified to conform with current year presentation.

United Way of Southeastern Pennsylvania
Notes to Financial Statements, continued
For the years ended June 30, 2010 and 2009

2. 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements. Estimates also affect 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 an original maturity of six months or less to be cash equivalents.

Investments

Investments are stated at fair value in the Consolidated Statements of Financial Position. Fair value is based upon quoted market prices of the investments (see Note 7). Realized and unrealized gains and losses on investments are reported as increases or decreases in the Consolidated Statements of Activities and Changes in Net Assets. Accordingly, the gains and losses are recorded in the net asset category where the related investment income is reported, in accordance with donor stipulations.

Investment income is shown net of related expenses of \$168,810 and \$173,773 for the years ended June 30, 2010 and 2009, respectively, on the Consolidated Statements of Activities and Changes in Net Assets. Related expenses consist of bank fees, custodian fees, and investment advisory fees.

Concentration of Credit Risk

United Way is required to disclose significant concentrations of credit risk regardless of the degree of such risk. From time to time, the organization maintains bank deposits at financial institutions that exceed the limit of insurability under the Federal Deposit Insurance Corporation. In addition, United Way's investments consist of a variety of financial instruments. The related values, as presented in the financial statements, are subject to various market fluctuations that include changes in equity markets, the interest rate environment, and general economic conditions. There is no concentration of United Way's investments in a particular security or industry segment.

Land, Building and Equipment

Land, building and equipment are recorded at cost and depreciated on a straight-line basis over the estimated useful lives of the respective assets as follows:

Buildings	50 years
Building improvements	10 years
Equipment, furniture, and fixtures	3 to 10 years

United Way of Southeastern Pennsylvania
Notes to Financial Statements, continued
For the years ended June 30, 2010 and 2009

2. Summary of Significant Accounting Policies, continued

Land, Building and Equipment, continued

Donated property and equipment is recorded at fair value on the date of receipt as an increase in unrestricted net assets, unless the donor stipulates otherwise. The cost and accumulated depreciation of donated property, sold or retired, is removed from the related asset and accumulated depreciation accounts, and the resulting gain or loss is recorded in the period of disposal.

Distributions Payable

Distributions payable represent amounts that are due periodically to United Way's network of agencies and others. United Way records distributions payable to agencies upon approval by the Board of Directors. Also included in this balance is the amount payable related to donor designations. This amount represents the liability relating to funds to be distributed according to the designations stipulated by individual donors pursuant to United Way's Donor Choice Program.

Deferred Revenue

Deferred revenue represents advanced funding under Federal, State and Local grant contracts.

Net Assets Categories

Unrestricted net assets include expendable resources used to support United Way's operations. These assets are not externally restricted, although their use may be limited by Board designations.

Board Designated Funds are determined as part of the United Way's annual grant process. The Board of Directors reviews the detail of funding available for distribution, which is determined as part of a process called the Resource Table Calculation. In addition to funding allocated to United Way's network of agencies, the Board of Directors may also designate a portion of available funds to be set aside for special initiatives outside of the annual grant process. Such amounts are raised as part of the annual campaign and then shown on the accompanying Consolidated Statements of Activities and Changes in Net Assets as a transfer to Board designated net assets in the line item "transfer of contributions designated by Board for initiatives." Spending from these funds is shown within distributions and expenses, also within Board designated net assets.

Temporarily restricted net assets result from contributions to United Way that carry donor-imposed restrictions that expire upon the passage of time or upon occurrence of a stated event as specified by the donor.

Permanently restricted net assets are those whose use is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the organization.

United Way of Southeastern Pennsylvania
Notes to Financial Statements, continued
For the years ended June 30, 2010 and 2009

2. Summary of Significant Accounting Policies, continued

Annual Campaign

Contributions to the annual campaign (conducted in the fall of the preceding calendar year) are recorded in the Consolidated Statements of Activities and Changes in Net Assets as unrestricted, temporarily restricted, and permanently restricted, depending on the existence and/or nature of any donor restrictions. These contributions to the annual campaign, which are in the form of pledges, are recorded as support when the pledges are received and are considered to be available for unrestricted use unless specifically restricted by the donor. Allowances are provided for pledges estimated by management to be uncollectible.

Contributions with donor stipulations that limit the use of the donated assets are reported as restricted. When a donor 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 are reported in the Consolidated Statements of Activities and Changes in Net Assets as “gross annual campaign raised in prior year released from restrictions,” “program restricted campaign gifts raised in prior year released from restrictions,” or “net assets released from restrictions.”

Amounts Raised on Behalf of Others

Amounts raised on behalf of others represent designated pledges and are deducted from gross annual campaign on the accompanying Consolidated Statements of Activities and Changes in Net Assets in accordance with the agency transaction guidelines of Accounting Standards Codification (“ASC”) Topic 958, Not for Profit Entity (“Topic 958”).

Grants and Other Contributions

Grants and other contributions include all grants and non-campaign contributions (other than legacies and bequests) that have been committed to United Way during the fiscal year. Multi-year grants representing non-exchange transactions and non-campaign contributions committed during the fiscal year to be used for a specific purpose at some point in the future are reported as temporarily restricted until used for the intended purpose as stated above. Federal, State and Local grants are reported as revenue only to the extent that expenditures are incurred. They are deemed exchange contracts and are, thus, not temporarily restricted.

Donated Materials and Services

A substantial number of volunteers have donated significant amounts of time to United Way’s fundraising campaign and other program services. No amounts have been reflected in the accompanying consolidated financial statements since the cost of these services does not meet the criteria for recognition under Topic 958. United Way includes the fair value of definitive donations such as professional services, printed materials, and advertising related to its annual campaign, which was \$901,702 and \$999,360 for the years ended June 30, 2010 and 2009, respectively.

United Way of Southeastern Pennsylvania
Notes to Financial Statements, continued
For the years ended June 30, 2010 and 2009

2. Summary of Significant Accounting Policies, continued

Donated Materials and Services, continued

During 2010 the United Way received donated television airtime with a fair value of \$2,884,563 from Comcast Corporation which was used for public service announcements (PSAs) that promoted giving, advocating and volunteering in the local community. The fair value of the donated airtime is excluded from the accompanying financial statements as this expense would not have been incurred had the airtime not been generously donated.

As with the United Way, SCS includes the fair value of definitive donations noted above. There were no donated materials and services during fiscal years 2010 and 2009.

Program Services

Program services expenses include costs incurred to provide training and technical assistance to local youth, provide low cost training to local human service agencies, provide resources for union members, families, and leaders and promote volunteer and civic engagement.

General

The costs of providing the various programs and other activities of United Way are presented on a functional basis in the Consolidated Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs that are deemed allocable to programs and services are allocated based on distribution of staff time. These allocations are presented in the Statement of Functional Expenses.

Adoption of New Pronouncement

In June 2009, the Financial Accounting Standards Board (“FASB”) issued the last FASB statement referenced in form: FASB Statement No. 168, the FASB Accounting Standards Codification (“ASC”) and the Hierarchy of Generally Accepted Accounting Principles. ASC was a major restructuring of accounting and reporting standards designed to simplify user access to all authoritative U.S. GAAP by providing the authoritative literature in a topically organized structure.

This standard establishes the ASC as the source of authoritative U.S. accounting and reporting standards for nongovernmental entities and is effective for United Way financial statements as of June 30, 2010. Accordingly, FASB statement references have been updated to the appropriate ASC reference.

Subsequent Events

United Way has evaluated the impact of subsequent events from July 1, 2010 through November 22, 2010, the date the consolidated financial statements herein were issued.

United Way of Southeastern Pennsylvania
Notes to Financial Statements, continued
For the years ended June 30, 2010 and 2009

3. Pledges Receivable

Pledges receivable represent unconditional promises-to-give. Pledges receivable consist of the following as of June 30, 2010 and 2009:

	2010	2009
Pledges receivable related to current campaign	\$ 16,569,749	\$ 18,938,056
Pledges receivable related to dollars processed on behalf of other United Ways	4,319,350	3,966,055
Allowance for uncollectible pledges	<u>(2,792,174)</u>	<u>(3,442,645)</u>
Net pledges receivable related to current campaign	<u>18,096,925</u>	<u>19,461,466</u>
Pledges receivable related to prior campaigns	4,945,068	5,409,765
Allowance for uncollectible pledges	<u>(4,885,717)</u>	<u>(5,222,286)</u>
Net pledges receivable related to prior campaigns	<u>59,351</u>	<u>187,479</u>
Pledges receivable related to future campaigns due in less than one year	233,423	188,215
Pledges receivable related to future campaigns due in two to four years	261,909	484,645
Discount on pledges	<u>(7,653)</u>	<u>(24,450)</u>
Net pledges receivable related to future campaigns	<u>487,679</u>	<u>648,410</u>
Total pledges receivable, net	<u>\$ 18,643,955</u>	<u>\$ 20,297,355</u>

Included in “net pledges receivable related to the current campaign” are donor designations totaling \$9,423,271 and \$9,774,595, net of the related allowance for uncollectible pledges, for the years ended June 30, 2010 and 2009, respectively. Included within this number are donor designations for the Combined Federal Campaign, net of the related allowance for uncollectible pledges, of \$1,456,785 and \$1,388,480 for the years ended June 30, 2010 and 2009, respectively (see Note 15).

Long-term pledges receivable represents the balance of multi-year Campaign pledges received for the Fall 2011 and Fall 2012 Campaigns. The gross amount of these pledges for the years ended June 30, 2010 and 2009 was \$261,909 and \$484,645 and they are reported net of a discount on future payments of \$7,653 and \$24,450. The discount is calculated using the interest rate of 2%. Based on historical collections, no provision for uncollectible accounts has been reserved for these balances as of June 30, 2010 and 2009.

United Way of Southeastern Pennsylvania
Notes to Financial Statements, continued
For the years ended June 30, 2010 and 2009

3. Pledges Receivable, continued

An analysis of changes in the allowance for uncollectible pledges is as follows:

	<u>2010</u>	<u>2009</u>
Balance, beginning of year	\$ 8,664,931	\$ 8,047,546
Allowance for uncollectible pledges:		
Designated	1,668,542	1,966,952
Undesignated	1,123,632	1,475,694
Pledges written off	(3,134,344)	(2,203,444)
Reversal of prior years' designated reserve	(359,222)	(359,811)
Reversal of prior years' undesignated reserves	(285,648)	(262,006)
Balance, end of year	<u>\$ 7,677,891</u>	<u>\$ 8,664,931</u>

The allowance for uncollectible pledges is computed based upon a five-year historical average, applied to gross campaign.

Reversal of prior years' reserves represents a change in the estimated allowance for uncollectible pledges for prior years' campaigns.

4. Grants Receivable

Grants receivable represent amounts receivable for various grants awarded to United Way. The grants receivable balances are \$1,124,616 and \$1,722,383 as of June 30, 2010 and 2009, respectively, represent the unpaid portion, net of a discount on future payments of \$0 and \$2,944 as of June 30, 2010 and 2009, respectively. The discount is calculated using the interest rate of 2%. Based on historical collections, no provision for uncollectable accounts has been reserved for grants receivable as of June 30, 2010 and 2009.

	<u>2010</u>	<u>2009</u>
Due in less than one year	\$ 1,124,616	\$ 1,615,327
Due in one to five years	-	110,000
Grants receivable gross	<u>1,124,616</u>	<u>1,725,327</u>
Less: Unamortized discount	-	(2,944)
Grants receivable net	<u>\$ 1,124,616</u>	<u>\$ 1,722,383</u>

Revenue under the grants was \$3,000,902 and \$6,058,467 for the years ended June 30, 2010 and 2009, respectively.

United Way of Southeastern Pennsylvania
Notes to Financial Statements, continued
For the years ended June 30, 2010 and 2009

5. Notes Receivable

Notes receivable at June 30, 2010 or 2009 consist of interest free loans made to two health and human services agencies in the southeastern Pennsylvania region as part of a transitional funding strategy. No provision for uncollectible accounts has been reserved for notes receivable as of June 30, 2010 or 2009.

	<u>2010</u>	<u>2009</u>
Due in less than one year	\$ 90,842	\$ 74,673
Due in one to two years	7,946	82,618
	<u>\$ 98,788</u>	<u>\$ 157,291</u>

6. Legacies and Bequests Receivable

Legacies and bequests receivable consist of the following as of June 30, 2010 and 2009, and are included in the accompanying Consolidated Statements of Financial Position:

	<u>2010</u>	<u>2009</u>
Due in less than one year	\$ 1,250,000	\$ -
Due in one to five years	7,250,000	-
Legacies and bequests receivable gross	8,500,000	-
Less: Unamortized discount	(583,835)	-
Legacies and bequests receivable net	<u>\$ 7,916,165</u>	<u>\$ -</u>

Legacies and bequests receivable that is expected to be received in more than one year are discounted at a rate of 2%. Amortization of the discount is recorded as additional contributed revenue. Based on historical collections, no provision for uncollectible amounts has been reserved for these balances.

7. Investments – Fair Value Measurements

Effective July 1, 2008, United Way adopted the Financial Accounting Standards Board ASC Topic 820, “Fair Value Measurements and Disclosures”, (“Topic 820”). This standard defines fair value, establishes a framework for measuring fair value in accordance with US generally accepted accounting principles, and expands disclosures about fair value measurements.

In accordance with Topic 820, the fair value of investments is categorized into a three-tier hierarchy, which assigns priorities to inputs of valuation techniques used to measure fair value. Inputs refer to assumptions market participants would use when pricing an asset and are classified as observable (i.e. assumptions based on market prices obtained from independent sources) and unobservable (i.e. assumptions based on best information available or the reporting entity’s own assumptions). The hierarchy of inputs is summarized below:

United Way of Southeastern Pennsylvania
Notes to Financial Statements, continued
For the years ended June 30, 2010 and 2009

7. Investments – Fair Value Measurements, continued

- Level 1 – observable, represents assets with quoted market prices for identical assets (registered securities).
- Level 2 – other observable, not quoted market prices for identical assets. Inputs that are obtained from the utilization of models or other valuation methodologies.
- Level 3 – unobservable, reflects reporting entity’s own assumptions and significant management judgments that would be made by market participants.

Equity Securities and *Mutual Funds* represent an actively managed portfolio of registered securities. These securities trade in active markets. They are classified within level 1 as fair values are based on quoted market prices.

U.S. Treasury Securities and *Government Agency Securities* represent an actively managed portfolio of registered securities. The individual issues within the portfolio are actively traded bonds among broker dealers. These securities are classified within Level 1 as fair values are based upon market prices.

Corporate Debt Securities represent bonds that are sold in a dealer market. These bonds trade based upon a bid-ask spread. The dealers use matrix pricing in determining their value. As such, these securities are classified as Level 2 as inputs are obtained from other methodologies.

The fair values of the investment securities which the United Way held as of June 30, 2010 and 2009, are as follows:

	Total Fair Value	2010 Fair Value Measurement at Reporting Date Using:		
		Observable Inputs (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 794,297	\$ 794,297	\$ -	\$ -
Mutual funds	6,581,484	6,581,484	-	-
Equity securities	10,380,613	10,380,613	-	-
U.S. Treasury securities	7,249,142	7,249,142	-	-
Corporate debt securities	5,587,446	-	5,587,446	-
Government agencies	5,712,594	5,712,594	-	-
Total investments	36,305,576	30,718,130	5,587,446	-
Less: short term investments	(12,892,346)	(9,705,602)	(3,186,744)	-
Long term investments	\$ 23,413,230	\$ 21,012,528	\$ 2,400,702	\$ -

United Way of Southeastern Pennsylvania
Notes to Financial Statements, continued
For the years ended June 30, 2010 and 2009

7. Investments – Fair Value Measurements, continued

	Total Fair Value	2009 Fair Value Measurement at Reporting Date Using:		
		Observable Inputs (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Cash and cash equivalents	\$ 2,119,788	\$ 2,119,788	\$ -	\$ -
Mutual funds	5,598,468	5,598,468	-	-
Equity securities	12,827,030	12,827,030	-	-
U.S. Treasury securities	3,807,260	3,807,260	-	-
Corporate debt securities	4,749,090	-	4,749,090	-
Government agencies	4,298,780	4,298,780	-	-
Total investments	33,400,416	28,651,326	4,749,090	-
Less: short term investments	(12,399,277)	(10,011,196)	(2,388,081)	-
Long term investments	\$ 21,001,139	\$ 18,640,130	\$ 2,361,009	\$ -

8. Land, Building and Equipment

Land, building and equipment consisted of the following as of June 30, 2010 and 2009:

	2010	2009
Land	\$ 244,752	\$ 244,752
Building and improvements	7,094,679	6,648,285
Equipment, furniture and fixtures	2,471,632	2,036,959
	9,811,063	8,929,996
Less - Accumulated depreciation	(6,888,355)	(6,343,095)
	\$ 2,922,708	\$ 2,586,901

Depreciation expense was \$545,260 and \$461,560 for the years ended June 30, 2010 and 2009, respectively.

9. Pension Plans

United Way sponsors both a defined contribution 403(b) plan and a defined benefit pension plan for all eligible employees. Employees may elect to defer up to \$16,500 in pretax contributions to the 403(b) plan. Employees over 50 years of age may contribute \$21,500 in pretax contributions to the 403(b) plan. United Way matches 50% of pretax employee contributions not to exceed the lesser of (i) 6% of salary or \$3,000 for full-time employees or (ii) 6% of compensation or \$1,500 for part-time employees.

United Way of Southeastern Pennsylvania
Notes to Financial Statements, continued
For the years ended June 30, 2010 and 2009

9. Pension Plans, continued

Effective November 1, 2003, United Way may make a discretionary contribution to the 403(b) plan on behalf of all eligible employees, based upon a percentage of their compensation for the calendar year. For the calendar year ending December 31, 2010, United Way will not be making a discretionary contribution into the 403(b) plan. For the calendar year ended December 31, 2009, United Way contributed an amount equal to 2% of their compensation for the year. In addition, all eligible employees who, as of June 30, 2003, (i) had completed 15 years of service or (ii) were age 50 and completed 10 years of service received an additional amount equal to 10% of their compensation for the year. United Way contributions to the 403(b) plan were \$158,888 and \$270,396 for the years ended June 30, 2010 and 2009, respectively.

The defined benefit pension plan (the "Plan") provides for benefits to be paid to eligible employees at retirement based primarily upon years of service and compensation levels near retirement. Plan assets consist primarily of common stocks and bonds. The projected benefit obligation is actuarially calculated on an accumulated versus projected benefit basis as required under Topic 958.

The Plan was frozen effective October 31, 2003. As of that date, no new participants will be enrolled in the Plan. Current participants will continue to vest in prior service, but no new additional benefits will accrue. United Way was required to contribute \$250,000 to the Plan in 2010. No employer contributions were required to be made in 2009; however, United Way contributed \$500,000.

A summary of the Plan's changes in benefit obligation, changes in plan assets, reconciliation of funded status, net periodic benefit cost, and amounts recognized in unrestricted net assets for 2010 and 2009 is as follows:

	<u>2010</u>	<u>2009</u>
Projected benefit obligation	\$ (8,483,952)	\$ (7,617,384)
Fair value of Plan assets	6,217,854	5,842,514
Projected benefit obligation in excess of Plan assets	<u>\$ (2,266,098)</u>	<u>\$ (1,774,870)</u>
Reconciliation of funded status	<u>2010</u>	<u>2009</u>
Additional minimum liability	\$ 3,405,923	\$ 2,822,960
Unfunded accumulated benefit obligation	(2,266,098)	(1,774,870)
Net amount recognized	<u>\$ 1,139,825</u>	<u>\$ 1,048,090</u>

United Way of Southeastern Pennsylvania
Notes to Financial Statements, continued
For the years ended June 30, 2010 and 2009

9. Pension Plans, continued

Estimated future benefit payments are as follows:

Fiscal Year	
2011	\$ 312,766
2012	251,842
2013	255,025
2014	449,059
2015	767,059
2016-2020	3,061,454

Significant assumptions	<u>2010</u>	<u>2009</u>
Discount rate	6.25%	6.25%
Expected return on plan assets	7.5%	7.5%
Rate of compensation increases	N/A	N/A

Benefit expense	\$ 158,265	\$ 55,824
Benefits paid	\$ 411,562	\$ 359,793
Employer contributions	\$ 250,000	\$ 500,000

Components of net benefit cost:

Service cost	\$ 42,500	\$ 42,500
Interest cost	438,840	445,787
Expected return on plan assets	(417,724)	(484,294)
Recognized prior service cost (credit)	22,913	22,913
Recognized actuarial gain (loss)	71,736	28,918
Net periodic benefit cost	<u>\$ 158,265</u>	<u>\$ 55,824</u>

Items not yet recognized as a component of net periodic pension cost:

Prior service cost	\$ 19,749	\$ 42,662
Actuarial loss	<u>3,386,174</u>	<u>2,780,298</u>
	<u>\$ 3,405,923</u>	<u>\$ 2,822,960</u>

Amounts recognized in unrestricted net assets:

Net actuarial loss	\$ 3,386,174	\$ 2,780,298
Prior service cost	19,749	42,662
Total amount recognized	<u>\$ 3,405,923</u>	<u>\$ 2,822,960</u>

Amounts expected to be recognized in net periodic pension expense in the coming year are as follows:

Loss recognition	\$ 101,552	\$ 81,238
Prior service cost recognition	\$ 19,749	\$ 22,913

There were no plan assets returned to the United Way during fiscal year 2010 and 2009.

United Way of Southeastern Pennsylvania
Notes to Financial Statements, continued
For the years ended June 30, 2010 and 2009

10. Accounts payable and accrued expenses

Accounts payable and accrued expenses consist of the following as of June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Accounts payable	\$ 843,603	\$ 662,002
Accrued salaries and vacation	319,934	447,996
United Way Worldwide Dues	122,736	-
Fundraising fee reimbursements due to other United Ways	571,004	610,724
Other accrued expenses	732,727	481,707
	<u>\$ 2,590,004</u>	<u>\$ 2,202,429</u>

11. Unrestricted Net Assets

A portion of unrestricted net assets has been designated by the Board of Directors for the following purposes as of June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Memorial/endowment funds	\$ 28,101,432	\$ 18,178,057
Land, building and equipment	2,923,144	2,587,336
Basic Needs Fund	871,900	-
Success by Six Fund	824,686	596,967
Working and Saving – Assets for Family Success Fund	548,378	937,509
Staying on Track – Success in School Fund	528,793	660,599
Community Impact Reserve Fund	490,450	-
Civic Engagement Fund	435,000	-
Individual Development Reserve	299,993	124,993
Capacity Building Fund	268,000	-
Other	227,306	227,306
Job Opportunities Improvement Network Fund	190,803	-
Opportunity Fund	190,000	-
Healthy Aging at Home – Enabling Senior Independence Fund	107,300	111,276
Learning and Working – Alternative Pathways Fund	50,000	178,540
Advertising Reserve	28,965	28,965
Maintaining the Social Fabric of Our Community Fund	9,666	2,098,340
Donor Advised Philanthropic Fund	5,052	5,052
Building Reserve	-	48,282
Subtotal	<u>36,100,868</u>	<u>25,783,222</u>
Less: amounts to be used to fund pension obligation	(3,405,923)	(2,822,960)
Less: amounts set aside for agency transitional funding	(1,786,742)	(1,786,742)
Less: amounts set aside for Campaign Partner obligation	-	(960,723)
Total Board designated net assets	<u>\$ 30,908,203</u>	<u>\$ 20,212,797</u>

United Way of Southeastern Pennsylvania
Notes to Financial Statements, continued
For the years ended June 30, 2010 and 2009

11. Unrestricted Net Assets, continued

Board designated net assets are reported net of the accumulated benefit obligation, estimated by United Way’s actuary, which would be funded as the pension liability becomes due. The increase in this obligation of \$582,963 and \$1,091,173 during fiscal year 2010 and 2009 respectively, are shown within “Other Changes in Net Assets” on the accompanying Consolidated Statements of Activities and Changes in Net Assets.

Board designated net assets are reported net of amounts set aside for transitional funding to agencies related to the Fall 2007 Campaign. These funds were set aside to provide additional support to historically funded agencies that received no funding or reduced funding through the Fall 2007 Campaign. The transitional funding liability was funded from Board designated net assets and is being paid back over 10 years through the annual campaign. Repayment will be completed in the 2018 annual campaign. During fiscal year 2009, \$198,527 was repaid.

For Fiscal Year 2009, Board designated net assets are reported net of amounts set aside for United Way’s Campaign Partners for the Fall 2009 Campaign. The Campaign Partners are a group of four organizations that work collaboratively with United Way to raise funds and address health and human service needs in the southeastern Pennsylvania region. United Way was under contractual obligation to fund these organizations through the Fall 2009 campaign recorded a liability for their funding. This funding was set aside in Board designated net assets since unrestricted revenue had not been generated to fund these amounts. The liability was released over time as sufficient revenue is generated.

In order to honor the bequests of significant donors and the amounts received in relationship to the distribution of the net assets, the Board has established several memorial funds. The Board has also established a General Fund for various bequests, memorial, and donor gifts. These funds have the following values as of June 30, 2010 and 2009:

Name of Memorial Fund	<u>2010</u>	<u>2009</u>
General Fund	\$ 14,975,061	\$ 13,707,709
John Haas Fund	7,416,165	-
Gladys L. Lit Fund	3,520,576	3,310,993
Janet Haas Fund	987,308	-
Western Home Fund	396,426	373,543
Rebecca C. Daly Fund	311,866	293,680
Jacob Gimbel Fund	190,286	179,306
Mrs. Gerald F. Rorer Fund	154,210	169,300
Peritz S. Berman Fund	149,534	143,526
	<u>\$ 28,101,432</u>	<u>\$ 18,178,057</u>

United Way of Southeastern Pennsylvania
Notes to Financial Statements, continued
For the years ended June 30, 2010 and 2009

12. Temporarily Restricted Net Assets

Temporarily restricted net assets are restricted for the following purposes as of June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Time restrictions	\$ 2,461,278	\$ 2,370,820
Program restrictions	<u>4,381,641</u>	<u>5,083,147</u>
	<u>\$ 6,842,919</u>	<u>\$ 7,453,967</u>

Net assets were released from donor restrictions by incurring expenses, satisfying the restricted purposes, or by occurrences of other events specified by donors were as follows:

	<u>2010</u>	<u>2009</u>
Fulfillment of program restrictions	\$ 4,433,915	\$ 5,941,844
Gross campaign results received in prior year released from restrictions (time)	<u>706,748</u>	<u>488,081</u>
	<u>\$ 5,140,663</u>	<u>\$ 6,429,925</u>

13. Permanently Restricted Net Assets

Permanently restricted net assets are restricted to investments held in perpetuity. The interest and dividends from permanently restricted net assets are expendable to support all activities of the organization. The values of these funds as of June 30, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Mr. & Mrs. Robert E. Cawthorn Fund	\$ 951,239	\$ 845,642
Solomon Allinger Fund	676,303	636,799
Frederick McOwen Fund	415,212	391,397
Alma and Sylvan Cohen Fund	67,208	63,320
Samuel Fels Fund	17,649	16,650
Hannah Merzbacher Fund	12,000	12,691
Gustav Soulas Fund	11,673	11,025
United Way of Western Montgomery County Endowment Fund	<u>499,778</u>	<u>476,445</u>
Total, at fair value	2,651,062	2,453,969
Less: Cumulative appreciation reported in temporarily restricted net assets	(938,058)	(846,562)
Add: Cumulative depreciation reported in unrestricted net assets	<u>41,246</u>	<u>146,843</u>
Total, at cost	<u>\$ 1,754,250</u>	<u>\$ 1,754,250</u>

United Way of Southeastern Pennsylvania
Notes to Financial Statements, continued
For the years ended June 30, 2010 and 2009

13. Permanently Restricted Net Assets, continued

In accordance with Topic 958, United Way transfers accumulated capital appreciation on these funds from permanently restricted net assets to temporarily restricted net assets each year. Permanently restricted net assets transferred to and from temporarily restricted net assets were \$91,496 and \$503,900 during fiscal years 2010 and 2009, respectively. The transfer is shown within "Other Changes in Net Assets" on the accompanying Consolidated Statements of Activities and Changes in Net Assets. These amounts are reported as temporarily restricted net assets on a continuing basis until used for the designated purpose.

In accordance with Topic 958, United Way transfers deficiencies associated with individual donor-restricted endowment funds to unrestricted net assets. Permanently restricted net assets transferred to and from unrestricted net assets were \$105,597 and \$146,843 during the years ended June 30, 2010 and 2009, respectively. The transfer is shown within "Other Changes in Net Assets" on the accompanying Consolidated Statements of Activities and Changes in Net Assets.

14. Endowments

United Way's endowment consists of approximately 21 individual funds established for a variety of purposes. The endowment consists of both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by Generally Accepted Accounting Principles in the United States, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based upon the existence or absence of donor-imposed restrictions.

The Board of United Way has interpreted Pennsylvania Act 141 as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, to the extent that there are no donor stipulations to the contrary. United Way classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment and the original value of subsequent gifts made to the endowment. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by United Way in a manner consistent with the standard of prudence described by Pennsylvania Act 141.

United Way of Southeastern Pennsylvania
Notes to Financial Statements, continued
For the years ended June 30, 2010 and 2009

14. Endowments, continued

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Asset Composition by Type of Fund as of June 30, 2010:				
Donor restricted endowment funds	\$ (28,492)	\$ 1,492,926	\$ 1,754,250	\$ 3,218,684
Board-designated endowment funds	28,101,432	-	-	28,101,432
Total funds	\$ 28,072,940	\$ 1,492,926	\$ 1,754,250	\$ 31,320,116
 Changes in Endowment Net Assets for the Year Ended June 30, 2010:				
Endowment net assets, June 30, 2009	\$ 18,043,267	\$ 1,256,166	\$ 1,754,250	\$ 21,053,683
Investment return:				
Investment income	396,638	11,900	59,321	467,859
Net appreciation (realized and unrealized)	1,807,282	54,617	240,499	2,102,398
Total investment return	2,203,920	66,517	299,820	2,570,257
Contributions	8,780,184	128,662	-	8,908,846
Appropriation of assets for expenditure in accordance with the spending policy	(1,060,028)	(49,915)	(102,727)	(1,212,670)
Other changes:				
Transfer of cumulative deficiency on permanently restricted net assets to unrestricted net assets	105,597	-	(105,597)	-
Transfer of investment return and appropriations on permanently restricted net assets to temporarily restricted net assets	-	91,496	(91,496)	-
Endowment net assets, June 30, 2010	\$ 28,072,940	\$ 1,492,926	\$ 1,754,250	\$ 31,320,116

United Way of Southeastern Pennsylvania
Notes to Financial Statements, continued
For the years ended June 30, 2010 and 2009

14. Endowments, continued

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Asset Composition by				
Type of Fund as of June 30, 2009:				
Donor restricted endowment funds	\$ (134,790)	\$ 1,256,166	\$ 1,754,250	\$ 2,875,626
Board-designated endowment funds	18,178,057	-	-	18,178,057
Total funds	<u>\$ 18,043,267</u>	<u>\$ 1,256,166</u>	<u>\$ 1,754,250</u>	<u>\$ 21,053,683</u>
Changes in Endowment Net Assets				
for the Year Ended June 30, 2009:				
Endowment net assets, June 30, 2008	\$ 22,459,833	\$ 1,910,087	\$ 1,754,250	\$ 26,124,170
Investment return:				
Investment income	481,103	11,493	71,605	564,201
Net depreciation (realized and unrealized)	(4,357,861)	(108,720)	(608,895)	(5,075,476)
Total investment return	<u>(3,876,758)</u>	<u>(97,227)</u>	<u>(537,290)</u>	<u>(4,511,275)</u>
Contributions	648,130	-	-	648,130
Appropriation of assets for expenditure in accordance with the spending policy	(1,041,095)	(52,794)	(113,453)	(1,207,342)
Other changes:				
Transfer of investment return and appropriations on permanently restricted net assets from unrestricted net assets	(146,843)	-	146,843	-
Transfer of investment return and appropriations on permanently restricted net assets from temporarily restricted net assets	-	(503,900)	503,900	-
Endowment net assets, June 30, 2009	<u>\$ 18,043,267</u>	<u>\$ 1,256,166</u>	<u>\$ 1,754,250</u>	<u>\$ 21,053,683</u>

United Way of Southeastern Pennsylvania
Notes to Financial Statements, continued
For the years ended June 30, 2010 and 2009

14. Endowments, continued

**Description of Amounts Classified as Permanently Restricted
and Temporarily Restricted Net Assets**

	2010	2009
Permanently Restricted Net Assets:		
The portion of perpetual endowment funds that is required to be retained permanently by explicit donor stipulation	\$ <u>1,754,250</u>	\$ <u>1,754,250</u>
Total endowment funds classified as permanently restricted net assets	\$ <u><u>1,754,250</u></u>	\$ <u><u>1,754,250</u></u>
Temporarily Restricted Net Assets:		
Term endowment funds	\$ 554,868	\$ 409,604
Accumulated gains on permanently restricted endowment fund transferred to temporarily restricted net assets	<u>938,058</u>	<u>846,562</u>
Total endowment funds classified as temporarily restricted net assets	\$ <u><u>1,492,926</u></u>	\$ <u><u>1,256,166</u></u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires United Way to retain as a fund of perpetual duration. Deficiencies of this nature are \$41,246 and \$146,843 at June 30, 2010 and 2009. They resulted from unfavorable market fluctuations. These deficiencies were transferred to unrestricted net assets in accordance with Topic 958.

United Way has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to partially offset Annual Campaign and administrative overhead costs while maintaining the purchasing power of the endowment. Endowment assets include those assets of donor-restricted funds that must be held in perpetuity or for a donor-specified period, as well as Board designated funds. Under this policy, endowment assets are invested in a manner that is intended to yield a long-term average annual real rate of return of 5% above inflation over a rolling ten year period on a net of fees basis while assuming a moderate level of investment risk. Actual results in any given year may vary from this amount.

United Way of Southeastern Pennsylvania
Notes to Financial Statements, continued
For the years ended June 30, 2010 and 2009

14. Endowments, continued

To satisfy long-term rate of return objectives, United Way relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). United Way targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve long-term strategies.

United Way utilizes a spending policy on its Board-designated, temporarily restricted and permanently restricted endowment funds in order to calculate the portion of net appreciation that is appropriated to partially fund operating expenses. This amount is generally calculated as 5% of the five-year average market value of the Board-designated, temporarily restricted and permanently restricted endowment funds as of September 30th of each year, except where donor restrictions specify otherwise. The spending policy is a total return policy, such that investment income and realized and unrealized gains are reinvested and included in the investment balances on which the spending policy is calculated. Any cumulative realized and unrealized gains and losses and investment income remaining after the 5% draw remains in the respective endowment fund. This is consistent with United Way's objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through new gifts and investment return. These funds are recorded as a transfer to unrestricted net assets (application of spending policy) on the accompanying Consolidated Statements of Activities and Changes in Net Assets.

15. Combined Federal Campaign

United Way conducts the Combined Federal Campaign ("CFC"), which is an annual fundraising campaign for federal employees in the Philadelphia area. Similar to United Way's annual campaign, federal employees may designate their funds to specific agencies or groups of agencies in the region; and, pursuant to the United States Office of Personnel Management guidelines, undesignated contributions are distributed pro-rata to agencies that receive designated donations. Total contributions raised through the CFC reported in the Statement of Activities were \$2,906,062 and \$2,781,944 for the years ended June 30, 2010 and 2009, respectively, and are deducted from total gross annual campaign within "Amounts Raised on Behalf of Others."

The Consolidated Statements of Financial Position include the following amounts related to the CFC as of June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Cash and cash equivalents	\$ 437,236	\$ 416,726
Pledges receivable, net	\$ 1,456,785	\$ 1,388,480
Distributions payable to agencies	\$ 1,690,287	\$ 1,604,928

United Way of Southeastern Pennsylvania
Notes to Financial Statements, continued
For the years ended June 30, 2010 and 2009

16. Annual Campaign

United Way reports to the local community the amount raised in its annual campaign. This amount differs from the amount as reported in the accompanying Consolidated Statements of Activities and Changes in Net Assets. The reconciliation of the annual campaign as reported to the community consisted of the following for the years ended June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Annual campaign per financial statements	\$ 47,403,908	\$ 51,765,648
Amounts raised in prior years for current campaign	706,748	488,081
Amounts raised for future campaigns	(579,594)	(1,115,158)
Amounts recorded for prior campaigns	(650,176)	(649,752)
Endowed campaign gifts in investment income	422,430	409,814
Amounts previously recorded by SCS applied to current year campaign	200,000	200,000
Adjustment from resource table projection to final results	<u>(45,316)</u>	<u>1,367</u>
Annual campaign reported to the local community	<u>\$ 47,458,000</u>	<u>\$ 51,100,000</u>

Revenue recognition related to amounts reported in the gross annual campaign is mandated by United Way of America reporting guidelines and is in accordance with accounting principles generally accepted in the United States of America. In accordance with these guidelines, United Way organizations report gross annual campaign revenues in accordance with their respective geographic areas in order to avoid duplicative reporting of campaign results. As such, United Way of Southeastern Pennsylvania only reports amounts that it raises within its service area as gross annual campaign in the Consolidated Statements of Activities and Changes in Net Assets. Amounts raised outside its service area are not reported as public support by this United Way, but rather, by the United Way organization in the region in which it was raised. Although some level of effort is expended in raising such funds, the effort is generally shared with the local United Way organization and United Way of Southeastern Pennsylvania recuperates most of its costs through processing fees on the dollars distributed for those campaigns. Amounts raised outside United Way's service area by this United Way or other United Way organizations that are available for distribution by United Way of Southeastern Pennsylvania are reported as a separate line item in public support, since the related funds are reported as a distribution to agencies by this United Way. The net impact on net assets of not reporting the effect of these transactions is zero, since these are all effectively agency transactions under Topic 958 and the amounts raised on behalf of others is offset by the amount reported as donor designated distributions to agencies. All designated funding is reported as amounts raised on behalf of others, thus not reported in the net annual campaign.

United Way of Southeastern Pennsylvania
Notes to Financial Statements, continued
For the years ended June 30, 2010 and 2009

16. Annual Campaign, continued

The annual campaign figure includes all amounts raised by United Way including some amounts that are paid directly to agencies either by the donating company or by third-party processors. These are considered to be “paydirects” by United Way and are recorded as gross annual campaign only by the party who raises the funds. All designated funding is reported as amounts raised on behalf of others, thus not reported in the net annual campaign. The revenue recorded by the third-party processor is limited to the processing fee, thus campaign results are not duplicated by multiple parties within or outside of the United Way system. For the Fall 2009 and 2008 campaign, the paydirects totaled \$5,940,452 and \$5,738,582, respectively.

17. Gifts in Kind

United Way receives non-cash contributions (gifts in kind) from various sources throughout the year. Gifts in kind may be obtained through networking with companies or through a formal program affiliated with the United Way of America. Under the formal program, United Way makes products available to pre-screened and qualified agencies through its membership in the program, and assists agencies in locating needed items, but generally does not take physical possession of the products for distribution. When goods are to be contributed directly by companies, United Way matches these donors with an appropriate recipient for their items and either facilitates the transfer or takes interim possession of the products until a recipient is identified.

For the years ended June 30, 2010 and 2009, the estimated values of resources leveraged through this program were \$2,105,359 and \$1,766,000, respectively, and is excluded from revenue and expense in the accompanying financial statements, as the value of these items is determined by the donor and not independently verifiable by United Way.

18. Related Parties

United Way’s Board of Directors includes volunteers from the local business community who provide valuable assistance to United Way in the development of policies and programs. United Way has adopted a policy that defines how Board members may participate in decisions regarding allocations and grants to agencies with which they are affiliated.

During the year, United Way contracted to receive services from various companies in which Board members are employed. There have been no excess benefits to Board members as a result of these relationships.

SCS contracts certain administrative services, such as accounting and recordkeeping from United Way. The nature of such services is specified in an administrative services agreement between SCS and United Way. SCS paid United Way an administrative services fee of \$2,500 in 2010 and 2009.

United Way of Southeastern Pennsylvania
Notes to Financial Statements, continued
For the years ended June 30, 2010 and 2009

19. Commitments

United Way leases certain office space and equipment under various noncancellable operating leases expiring through fiscal year 2013. Rent expense associated with these operating leases was \$47,886 and \$45,547 for the years ended June 30, 2010 and 2009, respectively. Future minimum rental payments under these leases are as follows:

Years ending June 30,	
2011	\$ 41,164
2012	42,402
2013	32,497

In addition, effective December 1, 2008, United Way entered into a noncancellable professional service fee arrangement for the outsourcing of some of its administrative services, such as printing, copying, equipment leasing, etc.

Future minimum commitments under these agreements are as follows:

Years ending June 30,	
2011	\$ 257,897
2012	107,457

United Way also leases certain information technology related equipment under various non-cancellable capital leases expiring through fiscal year 2012.

The following is an analysis of the leased property under capital leases by major asset classes:

<u>Classes of Property</u>	<u>Asset Balances at June 30,</u>	
	2010	2009
Information technology equipment	\$ 152,938	\$ -
Less: Accumulated depreciation	(45,881)	-
	\$ 107,057	\$ -

The following is a schedule of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2010:

Year ending June 30,	
2011	\$ 54,492
2012	52,823
Total minimum lease payments	107,315
Less: Amount representing interest	(4,564)
Present value of net minimum lease payments	\$ 102,751

United Way has a line of credit with a financial institution with a limit of \$5,000,000, bearing an interest rate of LIBOR plus 1.5% with a floor of 2%. As of June 30, 2010 and 2009, the balance outstanding was \$0.

United Way of Southeastern Pennsylvania
Notes to Financial Statements, concluded
For the years ended June 30, 2010 and 2009

20. Beneficial Interest

United Way is the beneficiary of certain Trust Funds established by donors. The funds provide income for life to the donor and up to two other beneficiaries. Upon the death of the donor and all beneficiaries, the funds will be donated to United Way. These funds, which are held and administered by PNC Bank, were approximately \$138,602 and \$126,283 for the years ended June 30, 2010 and 2009, respectively. The ultimate value of the amounts to be donated and the timing of those donations cannot be reasonably estimated; therefore, no amounts have been recorded in the financial statements.

21. Cost Deduction Standards

During fiscal year 2004, United Way Worldwide issued Membership Standard M - Cost Deduction Requirements ("Standard"), which sets forth uniform standards for local United Ways to calculate the amount of fundraising and management and general expenses to deduct from donor pledges. The Standard was effective July 1, 2004. United Way of Southeastern Pennsylvania complies with the guidelines outlined in the Standard.

22. Operating Indicator

United Way utilizes undesignated changes in net assets from operating activities as its performance indicator. This amount is composed of revenue and expenses resulting from the annual Campaign, rental and miscellaneous income, and investment income used for operations through the annual spending policy on endowment funds. It excludes such activity as realized and unrealized gains and losses not used for operations through the spending policy and gains and losses resulting from the disposal of fixed assets. In general, undesignated changes in net assets from operating activities should be at or near zero, as funds raised through the annual Campaign, net of expenses, are distributed to the community.

At June 30, 2010, undesignated changes in net assets from operating activities represent a loss of \$92,079. This loss is a result of spending from previously accumulated unrestricted net assets. United Way used these funds for targeted investments in accordance with our Community Impact Agenda.

23. Income Taxes

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires United Way to report information regarding its exposure to various tax positions taken by United Way. Management has performed their evaluation and believes that there are no unrecognized tax benefits that are required to be disclosed.

United Way of Southeastern Pennsylvania
Consolidating Statement of Financial Position
June 30, 2010

Assets	United Way of Southeastern Pennsylvania	Strategic Community Community	Consolidation Eliminations	2010 Consolidated
Current Assets				
Cash and cash equivalents	\$ 3,974,948	\$ 53,398	\$ -	\$ 4,028,346
Pledges receivable, net (Note 3)	18,389,699	-	-	18,389,699
Grants receivable (Note 4)	1,124,616	-	-	1,124,616
Short-term investments, at fair value (Note 7)	12,892,346	-	-	12,892,346
Legacies and bequests receivable (Note 6)	1,250,000	-	-	1,250,000
Notes receivable (Note 5)	90,842	-	-	90,842
Other current assets	548,653	977	(21,800)	527,830
Total current assets	38,271,104	54,375	(21,800)	38,303,679
Land, building and equipment, net of accumulated depreciation (Note 8)	2,922,708	-	-	2,922,708
Long-term investments, at fair value (Note 7)	23,413,230	-	-	23,413,230
Long-term pledges receivable, net (Note 3)	254,256	-	-	254,256
Long-term portion of notes receivable (Note 5)	7,946	-	-	7,946
Long-term legacies and bequests receivable, net (Note 6)	6,666,165	-	-	6,666,165
Total assets	\$ 71,535,409	\$ 54,375	\$ (21,800)	\$ 71,567,984
Liabilities and Net Assets				
Current Liabilities				
Distributions payable to agencies, including donor designations of \$12,715,226 and \$13,075,135 in 2010 and 2009, respectively	\$ 23,968,941	\$ -	\$ -	\$ 23,968,941
Deferred revenue	1,073,417	-	-	1,073,417
Short-term capital lease obligation	49,599	-	-	49,599
Accounts payable and accrued expenses (Note 10)	2,590,004	21,800	(21,800)	2,590,004
Total current liabilities	27,681,961	21,800	(21,800)	27,681,961
Long-term capital lease obligation	53,151	-	-	53,151
Long-term accrued pension obligation	2,266,098	-	-	2,266,098
Total liabilities	30,001,210	21,800	(21,800)	30,001,210
Net assets				
Unrestricted (Note 11)				
Undesignated	2,028,827	32,575	-	2,061,402
Board designated	30,908,203	-	-	30,908,203
Total unrestricted	32,937,030	32,575	-	32,969,605
Temporarily restricted (Note 12)	6,842,919	-	-	6,842,919
Permanently restricted (Note 13)	1,754,250	-	-	1,754,250
Total net assets	41,534,199	32,575	-	41,566,774
Total liabilities and net assets	\$ 71,535,409	\$ 54,375	\$ (21,800)	\$ 71,567,984

United Way of Southeastern Pennsylvania
Consolidating Statement of Activities and Changes in Net Assets
For the year ended June 30, 2010

United Way of Southeastern Pennsylvania									
	Undesignated Unrestricted	Board Designated Unrestricted	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2010	Strategic Community Solutions	Consolidation Eliminations	Total 2010 Consolidated
Operating activities:									
Public support:									
Gross annual campaign (Note 16)	\$ 44,141,952	\$ -	\$ 44,141,952	\$ 3,461,956	\$ -	\$ 47,603,908	\$ -	\$ (200,000)	\$ 47,403,908
Gross annual campaign raised in prior year released from restrictions	706,748	-	706,748	(706,748)	-	-	-	-	-
Program restricted campaign gifts raised in prior year released from restrictions	2,598,974	-	2,598,974	(2,598,974)	-	-	-	-	-
Less - Amounts raised on behalf of others	(22,924,551)	-	(22,924,551)	(35,951)	-	(22,960,502)	-	-	(22,960,502)
Gross undesignated annual campaign	24,523,123	-	24,523,123	120,283	-	24,643,406	-	(200,000)	24,443,406
Provision for uncollectible pledges	(760,207)	-	(760,207)	-	-	(760,207)	-	-	(760,207)
Net annual campaign	23,762,916	-	23,762,916	120,283	-	23,883,199	-	(200,000)	23,683,199
Grants and other contributions	2,134,052	-	2,134,052	866,850	-	3,000,902	-	-	3,000,902
Total public support	25,896,968	-	25,896,968	987,133	-	26,884,101	-	(200,000)	26,684,101
Revenue:									
Allocable dollars from other United Ways	155,159	-	155,159	-	-	155,159	-	-	155,159
Administrative fees on amounts raised on behalf of others	2,353,820	-	2,353,820	-	-	2,353,820	-	(2,500)	2,351,320
Legacies and bequests	-	8,780,184	8,780,184	128,662	-	8,908,846	-	-	8,908,846
Rental and miscellaneous income	714,455	-	714,455	-	-	714,455	-	-	714,455
Net assets released from restrictions	1,834,941	-	1,834,941	(1,834,941)	-	-	-	-	-
Transfer of contributions designated by Board for initiatives	(4,039,296)	4,039,296	-	-	-	-	-	-	-
Application of spending policy funds (Note 14)	1,211,898	(1,059,256)	152,642	(49,915)	(102,727)	-	-	-	-
Investment income used for operations	360,133	396,377	756,510	11,900	59,321	827,731	-	-	827,731
Realized and unrealized gains used for operations	217,503	662,879	880,382	38,015	43,406	961,803	-	-	961,803
Transfer of funding for capital transactions	(287,526)	287,526	-	-	-	-	-	-	-
Transfer of funding set aside for Campaign Partner grants	(960,723)	960,723	-	-	-	-	-	-	-
Donated materials and services (Note 2)	901,702	-	901,702	-	-	901,702	-	-	901,702
Total revenue	2,462,066	14,067,729	16,529,795	(1,706,279)	-	14,823,516	-	(2,500)	14,821,016
Total public support and revenue	28,359,034	14,067,729	42,426,763	(719,146)	-	41,707,617	-	(202,500)	41,505,117
Distributions and expenses:									
Distributions and related items									
Distributions to agencies	31,043,660	-	31,043,660	-	-	31,043,660	-	-	31,043,660
Less - donor designated distributions to agencies	(20,570,731)	-	(20,570,731)	-	-	(20,570,731)	-	-	(20,570,731)
Net distributions to agencies	10,472,929	-	10,472,929	-	-	10,472,929	-	-	10,472,929
Special distributions and projects	4,777,074	3,636,099	8,413,173	-	-	8,413,173	-	(200,000)	8,213,173
Total distributions	15,250,003	3,636,099	18,886,102	-	-	18,886,102	-	(200,000)	18,686,102
Expenses:									
Fundraising and marketing	3,702,953	-	3,702,953	-	-	3,702,953	-	-	3,702,953
Donating fundraising and marketing materials and services	166,000	-	166,000	-	-	166,000	-	-	166,000
General and administrative	3,361,652	-	3,361,652	-	-	3,361,652	4,089	(2,500)	3,363,241
Donated general and administrative materials and services	413,702	-	413,702	-	-	413,702	-	-	413,702
Total cost of campaign	7,644,307	-	7,644,307	-	-	7,644,307	4,089	(2,500)	7,645,896
Program services:									
Community impact	2,991,594	-	2,991,594	-	-	2,991,594	-	-	2,991,594
Donated community impact materials and services	322,000	-	322,000	-	-	322,000	-	-	322,000
Other program services	407,738	296,452	704,190	-	-	704,190	-	-	704,190
Grant expenditures	1,835,471	-	1,835,471	-	-	1,835,471	-	-	1,835,471
Total program services	5,556,803	296,452	5,853,255	-	-	5,853,255	-	-	5,853,255
Total expenses and program services	13,201,110	296,452	13,497,562	-	-	13,497,562	4,089	(2,500)	13,499,151
Total distributions and expenses	28,451,113	3,932,551	32,383,664	-	-	32,383,664	4,089	(202,500)	32,185,253
Changes in net assets from operating activities:	(92,079)	10,135,178	10,043,099	(719,146)	-	9,323,953	(4,089)	-	9,319,864
Non-operating activities:									
Investment income	-	-	-	-	-	-	42	-	42
Interest expense	(32,559)	-	(32,559)	-	-	(32,559)	-	-	(32,559)
Net realized and unrealized gains	746,579	1,143,191	1,889,770	16,602	197,093	2,103,465	-	-	2,103,465
Gain on disposal of assets	1,524	-	1,524	-	-	1,524	-	-	1,524
Other changes in net assets	105,597	(582,963)	(477,366)	91,496	(197,093)	(582,963)	-	-	(582,963)
Changes in net assets from non-operating activities	821,141	560,228	1,381,369	108,098	-	1,489,467	42	-	1,489,509
Changes in net assets	729,062	10,695,406	11,424,468	(611,048)	-	10,813,420	(4,047)	-	10,809,373
Net assets at the beginning of the year	1,299,765	20,212,797	21,512,562	7,453,967	1,754,250	30,720,779	36,622	-	30,757,401
Net assets at the end of the year	\$ 2,028,827	\$ 30,908,203	\$ 32,937,030	\$ 6,842,919	\$ 1,754,250	\$ 41,534,199	\$ 32,575	\$ -	\$ 41,566,774

United Way of Southeastern Pennsylvania
Consolidating Statement of Cash Flows
June 30, 2010

	United Way of Southeastern Pennsylvania	Strategic Community Solutions	Consolidation Eliminations	Consolidated
Cash flows from operating activities:				
Total change in net assets	\$ 10,813,420	\$ (4,047)	\$ -	\$ 10,809,373
Adjustments to reconcile total change in net assets to net cash provided by operating activities -				
Depreciation	545,260	-	-	545,260
Gain on disposal of assets	(1,524)	-	-	(1,524)
Net realized and gains loss on investments	(3,065,268)	-	-	(3,065,268)
Provision for uncollectible pledges, net of recoveries	760,207	-	-	760,207
Changes in assets and liabilities				
Decrease in pledges receivable	893,193	-	-	893,193
Decrease in grants receivable, net	597,767	-	-	597,767
(Increase) decrease in other assets	(73,571)	-	3,491	(70,080)
Increase in legacies and bequests receivable	(7,916,165)	-	-	(7,916,165)
Decrease in notes receivable	58,503	-	-	58,503
Decrease in distributions payable to agencies	(2,426,254)	-	-	(2,426,254)
Increase in deferred revenue	827,095	-	-	827,095
Increase (decrease) in accounts payable and accrued expenses	891,063	3,475	(3,491)	891,047
Net cash provided by (used in) operating activities	<u>1,903,726</u>	<u>(572)</u>	<u>-</u>	<u>1,903,154</u>
Cash flows from investing activities:				
Purchases of equipment	(728,129)	-	-	(728,129)
Net sales of investments	160,108	-	-	160,108
Net cash used in investing activities	<u>(568,021)</u>	<u>-</u>	<u>-</u>	<u>(568,021)</u>
Cash flows from financing activities:				
Payments on capital leases	(50,188)	-	-	(50,188)
Net cash used in financing activities	<u>(50,188)</u>	<u>-</u>	<u>-</u>	<u>(50,188)</u>
Net increase(decrease) in cash and cash equivalents	1,285,517	(572)	-	1,284,945
Cash and cash equivalents, beginning of year	2,689,431	53,970	-	2,743,401
Cash and cash equivalents, end of year	<u>\$ 3,974,948</u>	<u>\$ 53,398</u>	<u>\$ -</u>	<u>\$ 4,028,346</u>
Supplemental information:				
Cash paid for interest	<u>\$ 32,559</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,559</u>
Fixed assets acquired through capital leases	<u>\$ 152,938</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,938</u>

United Way of Southeastern Pennsylvania
 Consolidating Statement of Functional Expenses
 For the year ended June 30, 2010

	United Way of Southeastern Pennsylvania (UWSEPA)							UWSEPA June 30, 2010	Strategic Community Solutions (SCS)	Consolidation Eliminations	Consolidated June 30, 2010
	Program Services				Support Services				Support Services		
	Community Impact	Other Program Services	Grants	Total	General and Administrative	Fundraising	Total		General and Administrative		
Distributions to agencies	\$ 31,043,660	\$ -	\$ -	\$ 31,043,660	\$ -	\$ -	\$ -	\$ 31,043,660	\$ -	\$ -	\$ 31,043,660
Less: Donor designated distributions	(20,570,731)	-	-	(20,570,731)	-	-	-	(20,570,731)	-	-	(20,570,731)
Special distributions and projects	8,413,173	-	-	8,413,173	-	-	-	8,413,173	-	(200,000)	8,213,173
Total distributions	<u>18,886,102</u>	<u>-</u>	<u>-</u>	<u>18,886,102</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,886,102</u>	<u>-</u>	<u>(200,000)</u>	<u>18,686,102</u>
Salaries	1,754,820	113,374	618,254	2,486,448	1,728,608	1,761,424	3,490,032	5,976,480	-	-	5,976,480
Employee health and retirement benefits	224,606	18,116	77,475	320,197	243,796	259,211	503,007	823,204	-	-	823,204
Payroll taxes	139,048	14,652	50,067	203,767	140,439	141,878	282,317	486,084	-	-	486,084
Total salaries and related expenses	<u>2,118,474</u>	<u>146,142</u>	<u>745,796</u>	<u>3,010,412</u>	<u>2,112,843</u>	<u>2,162,513</u>	<u>4,275,356</u>	<u>7,285,768</u>	<u>-</u>	<u>-</u>	<u>7,285,768</u>
Professional service and contract payments	202,558	247,020	620,389	1,069,967	368,245	366,997	735,242	1,805,209	2,500	(2,500)	1,805,209
Donated professional service and contract payments	322,000	-	-	322,000	413,702	10,000	423,702	745,702	-	-	745,702
Office services	-	-	-	-	266,215	-	266,215	266,215	-	-	266,215
Supplies	10,968	16,706	38,881	66,555	15,378	15,151	30,529	97,084	-	-	97,084
Telephone	33,717	4,410	8,175	46,302	36,671	43,986	80,657	126,959	-	-	126,959
Postage and shipping	4,517	3,300	927	8,744	42,779	39,455	82,234	90,978	-	-	90,978
Occupancy	191,779	48,439	17,830	258,048	246,904	291,293	538,197	796,245	976	-	797,221
Outside printing, artwork and advertising	16,739	82,703	63,856	163,298	10,467	184,721	195,188	358,486	-	-	358,486
Donated outside printing, artwork and advertising	-	-	-	-	-	156,000	156,000	156,000	-	-	156,000
Travel, training and meetings	75,435	82,293	146,209	303,937	46,591	184,213	230,804	534,741	-	-	534,741
Grant overhead reimbursement	-	-	184,485	184,485	(184,485)	-	(184,485)	-	-	-	-
Membership dues	31,365	10,071	150	41,586	6,008	5,186	11,194	52,780	-	-	52,780
Equipment rental and repairs	15,255	12,081	8,892	36,228	38,261	44,601	82,862	119,090	-	-	119,090
Miscellaneous	728	171	(119)	780	18,749	(424)	18,325	19,105	613	-	19,718
Depreciation of building and equipment	140,677	40,895	-	181,572	182,662	181,026	363,688	545,260	-	-	545,260
United Way of America dues	149,382	9,959	-	159,341	154,364	184,235	338,599	497,940	-	-	497,940
Total other operating expenses	<u>1,195,120</u>	<u>558,048</u>	<u>1,089,675</u>	<u>2,842,843</u>	<u>1,662,511</u>	<u>1,706,440</u>	<u>3,368,951</u>	<u>6,211,794</u>	<u>4,089</u>	<u>(2,500)</u>	<u>6,213,383</u>
Total operating expenses	<u>3,313,594</u>	<u>704,190</u>	<u>1,835,471</u>	<u>5,853,255</u>	<u>3,775,354</u>	<u>3,868,953</u>	<u>7,644,307</u>	<u>13,497,562</u>	<u>4,089</u>	<u>(2,500)</u>	<u>13,499,151</u>
Total expenses	<u>\$ 22,199,696</u>	<u>\$ 704,190</u>	<u>\$ 1,835,471</u>	<u>\$ 24,739,357</u>	<u>\$ 3,775,354</u>	<u>\$ 3,868,953</u>	<u>\$ 7,644,307</u>	<u>\$ 32,383,664</u>	<u>\$ 4,089</u>	<u>\$ (202,500)</u>	<u>\$ 32,185,253</u>