

UNITED WAY OF TARRANT COUNTY

FINANCIAL REPORT

JUNE 30, 2011

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and the Audit and Finance Committee
United Way of Tarrant County

We have audited the accompanying statement of financial position of United Way of Tarrant County (the Organization) as of June 30, 2011, the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended and the summarized comparative financial information derived from the 2010 financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audit provides a reasonable basis for our opinion.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2011, on our consideration of United Way of Tarrant County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and important for assessing the results of our audit.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
November 11, 2011

**UNITED WAY OF TARRANT COUNTY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 WITH COMPARATIVE TOTALS AT JUNE 30, 2010**

	Unrestricted			Total Unrestricted
	Unrestricted	Service Centers	Legacy Fund	
ASSETS				
Cash	\$ 2,377,467	\$ 93,416	\$ -	\$ 2,470,883
Investments				
Certificates of deposit	-	-	-	-
Corporate bonds	-	-	-	-
U.S. Government securities	-	-	-	-
Total investments, stated at fair value	-	-	-	-
Beneficial interest in assets held by others	-	-	8,973,284	8,973,284
Pledges receivable; less allowance for uncollectible pledges of \$1,695,337 at June 30, 2011; \$2,461,151 in 2010	678,646	-	-	678,646
Other receivables	1,536,279	17,249	-	1,553,528
Prepaid expenses	1,262,230	-	-	1,262,230
Land, buildings and equipment, net	395,911	-	-	395,911
Other assets	257,741	-	-	257,741
TOTAL ASSETS	\$ 6,508,274	\$ 110,665	\$ 8,973,284	\$ 15,592,223
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable and accrued expenses	\$ 1,199,270	\$ 29,985	\$ -	\$ 1,229,255
Due to designated organizations	-	-	-	-
Accrued post-retirement benefits	369,227	-	-	369,227
Deferred revenue	2,145,856	16,866	-	2,162,722
Total liabilities	3,714,353	46,851	-	3,761,204
NET ASSETS	2,793,921	63,814	8,973,284	11,831,019
TOTAL LIABILITIES AND NET ASSETS	\$ 6,508,274	\$ 110,665	\$ 8,973,284	\$ 15,592,223

The Notes to Financial Statements are an integral part of these statements.

Temporarily Restricted

<u>Barnett Shale Fund</u>	<u>Women's Fund</u>	<u>Legacy Fund</u>	<u>Other</u>	<u>Total Restricted</u>	<u>Total June 30, 2011</u>	<u>Total June 30, 2010</u>
\$ -	\$ -	\$ -	\$ 362,919	\$ 362,919	\$ 2,833,802	\$ 2,391,932
-	-	-	3,522,964	3,522,964	3,522,964	3,633,675
-	-	-	509,205	509,205	509,205	499,670
-	-	-	3,507,944	3,507,944	3,507,944	3,016,680
-	-	-	7,540,113	7,540,113	7,540,113	7,150,025
904,805	362,403	248,725	-	1,515,933	10,489,217	8,788,871
190,400	-	-	10,659,988	10,850,388	11,529,034	10,659,735
-	-	-	-	-	1,553,528	1,110,721
-	-	-	-	-	1,262,230	954,637
-	-	-	-	-	395,911	424,843
-	-	-	-	-	257,741	191,498
<u>\$ 1,095,205</u>	<u>\$ 362,403</u>	<u>\$ 248,725</u>	<u>\$ 18,563,020</u>	<u>\$ 20,269,353</u>	<u>\$ 35,861,576</u>	<u>\$ 31,672,262</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,229,255	\$ 1,032,943
-	-	-	3,748,895	3,748,895	3,748,895	3,487,273
-	-	-	-	-	369,227	356,776
-	-	-	-	-	2,162,722	879,338
-	-	-	3,748,895	3,748,895	7,510,099	5,756,330
<u>1,095,205</u>	<u>362,403</u>	<u>248,725</u>	<u>14,814,125</u>	<u>16,520,458</u>	<u>28,351,477</u>	<u>25,915,932</u>
<u>\$ 1,095,205</u>	<u>\$ 362,403</u>	<u>\$ 248,725</u>	<u>\$ 18,563,020</u>	<u>\$ 20,269,353</u>	<u>\$ 35,861,576</u>	<u>\$ 31,672,262</u>

UNITED WAY OF TARRANT COUNTY
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2011 WITH COMPARATIVE TOTALS
FOR YEAR ENDED JUNE 30, 2010

	Unrestricted			Total Unrestricted
	Unrestricted	Service Centers	Legacy Fund	
<u>Revenues, gains and other support</u>				
Campaign contributions received in current year	\$ 15,375	\$ -	\$ -	\$ 15,375
Designations from other United Ways	-	-	-	-
Less donor designations	-	-	-	-
Less allowance for uncollectible pledges	-	-	-	-
Net contributions received in current year to be released from restriction in subsequent year	15,375	-	-	15,375
Campaign contributions received in prior year	20,503,707	-	-	20,503,707
Designations from other United Ways received in prior year	1,212,284	-	-	1,212,284
Less donor designations	(6,318,071)	-	-	(6,318,071)
Less allowance for uncollectible pledges	(1,310,000)	-	-	(1,310,000)
Net contributions received in prior year, released from restriction in current year	14,087,920	-	-	14,087,920
Net campaign revenues	14,103,295	-	-	14,103,295
Additional campaign contributions from prior years	871,657	-	-	871,657
Other contributions	86,697	-	-	86,697
Donated equipment	25,999	-	-	25,999
Legacies and bequests	500	-	-	500
Grants	9,726,170	-	-	9,726,170
Interest and dividend income	65,989	-	-	65,989
Changes in market value of assets held by others	-	-	1,666,229	1,666,229
Rental income	-	568,837	-	568,837
Other	37,105	-	-	37,105
Total revenues, gains and other support	24,917,412	568,837	1,666,229	27,152,478
<u>Allocations and Functional Expenses</u>				
Allocations to agencies	10,178,860	-	-	10,178,860
Designations to partner agencies	3,488,406	-	-	3,488,406
Allocations to grant benefit providers	7,609,353	-	-	7,609,353
Designations to other organizations	2,829,665	-	-	2,829,665
Less designations funded through donor choice	(6,318,071)	-	-	(6,318,071)
Allocations net of designations	17,788,213	-	-	17,788,213
Other program services	3,907,287	538,896	-	4,446,183
Total program services	21,695,500	538,896	-	22,234,396
Support services	3,289,218	-	-	3,289,218
Total expenses	24,984,718	538,896	-	25,523,614
Increase (decrease) in net assets	(67,306)	29,941	1,666,229	1,628,864
Net assets at beginning of year	2,503,820	33,873	7,728,363	10,266,056
Pension adjustment	4,600	-	-	4,600
Transfers	352,807	-	(421,308)	(68,501)
Net assets at end of period	\$ 2,793,921	\$ 63,814	\$ 8,973,284	\$ 11,831,019

The Notes to Financial Statements are an integral part of these statements.

Temporarily Restricted

Barnett Shale Fund	Women's Fund	Legacy Fund	Other	Total Restricted	Total June 30, 2011	Total June 30, 2010
\$ -	\$ -	\$ -	\$ 21,647,331	\$ 21,647,331	\$ 21,662,706	\$ 20,503,707
-	-	-	964,719	964,719	964,719	1,212,284
-	-	-	(6,890,347)	(6,890,347)	(6,890,347)	(6,318,071)
-	-	-	(1,037,226)	(1,037,226)	(1,037,226)	(1,310,000)
-	-	-	14,684,477	14,684,477	14,699,852	14,087,920
-	-	-	(20,503,707)	(20,503,707)	-	-
-	-	-	(1,212,284)	(1,212,284)	-	-
-	-	-	6,318,071	6,318,071	-	-
-	-	-	1,310,000	1,310,000	-	-
-	-	-	(14,087,920)	(14,087,920)	-	-
-	-	-	596,557	596,557	14,699,852	14,087,920
-	-	-	-	-	871,657	361,477
18,600	-	-	-	18,600	105,297	58,333
-	-	-	-	-	25,999	15,601
-	-	-	-	-	500	120,633
-	-	-	-	-	9,726,170	7,844,825
-	-	-	-	-	65,989	83,148
125,467	61,457	-	-	186,924	1,853,153	704,987
-	-	-	-	-	568,837	528,357
-	-	-	-	-	37,105	48,838
144,067	61,457	-	596,557	802,081	27,954,559	23,854,119
-	-	-	-	-	10,178,860	10,809,944
-	-	-	-	-	3,488,406	3,895,919
-	-	-	-	-	7,609,353	4,853,929
-	-	-	-	-	2,829,665	2,807,500
-	-	-	-	-	-	-
-	-	-	-	-	(6,318,071)	(6,703,418)
-	-	-	-	-	17,788,213	15,663,874
-	-	-	-	-	4,446,183	5,106,216
-	-	-	-	-	22,234,396	20,770,090
-	-	-	-	-	3,289,218	3,122,755
-	-	-	-	-	25,523,614	23,892,845
144,067	61,457	-	596,557	802,081	2,430,945	(38,726)
951,138	232,445	248,725	14,217,568	15,649,876	25,915,932	25,951,041
-	-	-	-	-	4,600	3,617
-	68,501	-	-	68,501	-	-
\$ 1,095,205	\$ 362,403	\$ 248,725	\$ 14,814,125	\$ 16,520,458	\$ 28,351,477	\$ 25,915,932

**UNITED WAY OF TARRANT COUNTY
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2011 WITH COMPARATIVE TOTALS
FOR YEAR ENDED JUNE 30, 2010**

	Allocations & Community Impact	Homeless- ness	Community Initiatives	211 Information & Referral	Area Agency on Aging Grants and Services Program	Labor Relations/ Community Service
Allocations/grants, net of designations	\$ 10,178,860	\$ 3,358,711	\$ 18,695	\$ 15,500	\$ 4,216,447	\$ -
Salaries and wages	481,104	-	161,601	591,605	926,124	76,640
Employee benefits	68,808	-	28,121	139,259	172,617	13,951
Payroll taxes	29,528	-	10,677	42,507	65,376	5,391
Professional fees	158,279	-	4,862	35,302	52,456	336
Supplies	34,445	-	4,125	5,366	30,779	318
Telephone	8,187	-	12,100	18,753	39,139	737
Postage and shipping	1,898	-	1,562	83	1,943	-
Occupancy	54,561	-	21,423	34,589	109,350	3,408
Outside printing	9,295	-	3,271	24,477	58,979	117
Local transportation	2,650	-	3,377	7,126	18,210	1,189
Conferences and training	2,862	-	974	10,260	55,537	950
Meetings-community/agency	13,593	-	20,455	342	10,012	-
Community promotion	-	-	-	-	-	-
Subscriptions	112	-	99	1,225	128	8
Membership dues	13,196	-	3,382	11,340	16,932	644
Awards	213	-	124	-	874	12
Equipment/buildings - maintenance/rental	31,202	-	8,224	15,023	36,670	606
Insurance and miscellaneous	50	-	285	50	8,282	-
Specific assistance	-	-	-	810	-	-
Payments to affiliated organizations	8,232	-	2,250	-	-	-
Depreciation	3,654	-	1,511	10,212	10,369	388
Total functional expenses	\$ 11,100,729	\$ 3,358,711	\$ 307,118	\$ 963,829	\$ 5,830,224	\$ 104,695

The Notes to Financial Statements are an integral part of these statements.

Service Centers	Total Program Services	Communications	Fund Raising	Management & General	Total Supporting Services	Total June 30, 2011	Total June 30, 2010
\$ -	\$ 17,788,213	\$ -	\$ -	\$ -	\$ -	\$ 17,788,213	\$ 15,663,874
49,562	2,286,636	127,599	843,887	688,669	1,660,155	3,946,791	3,884,267
12,321	435,077	25,676	137,755	111,177	274,608	709,685	690,910
2,786	156,265	9,157	54,286	79,562	143,005	299,270	288,792
34,797	286,032	116,516	27,640	92,695	236,851	522,883	450,754
471	75,504	1,592	8,800	12,948	23,340	98,844	87,321
4,141	83,057	5,500	16,485	14,431	36,416	119,473	110,821
-	5,486	13	4,543	7,190	11,746	17,232	24,917
289,567	512,898	38,857	110,969	128,012	277,838	790,736	788,306
99	96,238	3,899	75,905	2,880	82,684	178,922	200,090
246	32,798	416	13,390	3,514	17,320	50,118	53,122
3	70,586	(102)	6,338	2,353	8,589	79,175	41,143
-	44,402	79	35,484	30,488	66,051	110,453	144,767
-	-	-	30,830	-	30,830	30,830	61,545
2	1,574	266	219	1,509	1,994	3,568	2,567
186	45,680	3,179	11,043	11,889	26,111	71,791	69,002
-	1,223	123	1,234	523	1,880	3,103	3,650
165,490	257,215	3,373	12,910	22,078	38,361	295,576	277,963
-	8,667	-	150	1,071	1,221	9,888	12,660
-	810	-	-	-	-	810	762,385
-	10,482	2,799	2,386	294,090	299,275	309,757	211,508
9,419	35,553	1,900	5,902	43,141	50,943	86,496	62,481
\$ 569,090	\$ 22,234,396	\$ 340,842	\$ 1,400,156	\$ 1,548,220	\$ 3,289,218	\$ 25,523,614	\$ 23,892,845

**UNITED WAY OF TARRANT COUNTY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2011 AND 2010**

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 2,430,945	\$ (38,726)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Pension adjustment	4,600	3,617
Changes in market value of assets held by others	(1,853,153)	(704,987)
Depreciation	86,496	62,481
Unrealized gain on investments	(22,686)	-
Changes in operating assets and liabilities		
Pledges receivable	(869,299)	1,450,096
Other receivables	(442,807)	(43,809)
Prepaid expenses	(307,593)	(917,130)
Other assets	(66,243)	(41,502)
Accounts payable and accrued expenses	196,312	(201,114)
Due to designated organizations	261,622	(945,060)
Accrued post-retirement benefits	12,451	8,708
Deferred revenue	1,283,384	867,517
	714,029	(499,909)
Net cash provided by (used in) operating activities	714,029	(499,909)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(57,564)	(21,122)
Net changes to beneficial interest in assets held by others	152,807	103,135
Sale of investments	20,963,182	24,783,692
Purchase of investments	(21,330,584)	(27,737,500)
	(272,159)	(2,871,795)
Net cash used in investing activities	(272,159)	(2,871,795)
Net change in cash	441,870	(3,371,704)
CASH, beginning of year	2,391,932	5,763,636
CASH, end of year	\$ 2,833,802	\$ 2,391,932

The Notes to Financial Statements are an integral part of these statements.

UNITED WAY OF TARRANT COUNTY NOTES TO FINANCIAL STATEMENTS

NOTE A. NATURE OF BUSINESS

The United Way of Tarrant County (the "Organization" or "United Way") is a not-for-profit organization that raises and distributes resources to address human service needs in metropolitan Tarrant County. Through a workplace fund drive conducted primarily by volunteers, the Organization raises money from individuals and organizations to make possible services provided both by the Organization and by other area not-for-profit health and human service organizations. A significant portion of the Organization's funds are derived from contributions of residents and businesses in the Tarrant County area.

In April 2004, the Organization established a fund with the Community Foundation of North Texas (the "Community Foundation"). Assets previously held by the United Way of Metropolitan Tarrant County Endowment, Inc. were transferred to the Community Foundation and are reflected as temporarily restricted "Legacy Fund" in the accompanying statement of financial position. Restrictions placed on these funds are discussed in Note K.

In April 2008, the Organization established a second fund with the Community Foundation. Assets received from the sale of the Organization's office building were transferred to the Community Foundation and are reflected under the unrestricted caption "Legacy Fund" in the accompanying statement of financial position.

Additionally, in April 2008, the Organization established a third fund with the Community Foundation. Assets received from a donor establishing United Way's Barnett Shale Fund were transferred to the Community Foundation and are reflected as temporarily restricted net assets under the caption "Barnett Shale Fund" in the accompanying statement of financial position. Distributions of principal and interest shall be for specific programs to benefit the community.

In October 2008, the Organization established a fourth fund with the Community Foundation with assets transferred from the Women's Fund which were at the Community Foundation. The assets of the Women's Fund are reflected as temporarily restricted net assets under the caption "Women's Fund" in the accompanying statement of financial position. Distributions of principal and interest shall be for specific programs to benefit the community.

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Organization's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting standards generally accepted in the United States of America and accordingly reflect all significant receivables, payables, and other liabilities. Revenues are recognized when earned and expenditures are recognized when incurred.

**UNITED WAY OF TARRANT COUNTY
NOTES TO FINANCIAL STATEMENTS**

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Organization's most significant estimate is the allowance for uncollectible pledges.

Cash

The Organization considers all certificates of deposit, commercial paper, money market funds and U.S. government securities with original maturities of three months or less to be cash and cash equivalents.

Investments

Investments are comprised of money market funds, certificates of deposit, corporate bonds, commercial paper, and U.S. Government securities and are reported at fair value with realized and unrealized gains and losses included in the statement of activities and changes in net assets. The carrying value of money market funds and certificates of deposit approximates fair value. The fair value of corporate bonds and U.S. Government securities is determined primarily by reference to quoted market prices.

Beneficial Interest in Assets Held by Others

Beneficial interests in assets held by others represents investments held by the Community Foundation which are comprised of mutual funds, pooled accounts, and bonds. The carrying value of the investments approximates fair value. The fair value of the mutual funds is determined primarily by reference to quoted market prices. Pooled accounts are comprised of broad asset category types, such as common stock, mutual funds and cash equivalents. The underlying holdings are all based on unadjusted quoted and market prices. Bonds are valued based on broker quotes. Realized and unrealized gains and losses are included in the statement of activities and changes in net assets.

Building and Equipment

The Organization capitalizes expenditures for building and equipment in excess of \$500 with useful lives of one year or more at cost. Depreciation is computed on the straight-line method with a full year's depreciation taken in the year of acquisition and no depreciation taken in the year of disposal. Estimated useful lives for purposes of calculating depreciation vary from three to 30 years.

**UNITED WAY OF TARRANT COUNTY
NOTES TO FINANCIAL STATEMENTS**

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Time-restricted contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Financial Statement Presentation

The Organization maintains its accounts on an accrual basis of accounting in accordance with accounting standards generally accepted in the United States of America. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Organization is required to present a statement of cash flows.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2010, from which the summarized information was derived.

Recognition of Donor Restrictions

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Temporarily Restricted and Board Designated Net Assets

The Organization conducts an annual fund raising campaign for the following fiscal year's operations. Thus, campaign contributions and related cash and investments are treated as temporarily restricted in the year of the campaign and are transferred to unrestricted the year following the campaign when the funds will be used to fund agency allocations and the Organization's programs and supporting services.

The most recent fund raising campaign is restricted at June 30, 2011 and will become unrestricted at July 1, 2011 to support operations throughout the fiscal year ending June 30, 2012.

**UNITED WAY OF TARRANT COUNTY
NOTES TO FINANCIAL STATEMENTS**

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Temporarily Restricted and Board Designated Net Assets – Continued

The Organization operates and maintains four outlying service centers, which are either leased or owned. The Board of Directors has designated the associated net assets for the purpose of operating and maintaining these facilities. Three of the centers are leased from the City of Arlington under operating leases involving nominal consideration, none of which expire before the year 2012. The facilities are subleased to various benefit and service providers. These net assets are reflected in the unrestricted column in the accompanying statement of position under the caption "Service Centers".

The original contributions into the Legacy Fund are restricted for time by the donor. One of two restrictions expired in May 2009 and has been appropriately reflected in the unrestricted column in the accompanying statement of financial position under the caption "Legacy Fund". The remaining restriction will expire in December 2012 and has been appropriately reflected in the temporarily restricted column in the accompanying statement of financial position.

The annual distribution to the Organization from the Legacy Fund shall not exceed 5% of the previous three year average of the ending net assets of the Legacy Fund calculated at December 31 of each year. The Legacy Fund's distributions to the Organization for the years ended June 30, 2011 and 2010 were \$421,308 and \$435,568 respectively. The distribution is recorded as a transfer of assets from the Legacy Fund to the Organization's unrestricted fund in the accompanying statement of activities and changes in net assets.

The net assets of the Barnett Shale Fund are restricted by the donor and have been appropriately reflected in the restricted column in the accompanying statement of financial position under the caption "Barnett Shale Fund". The annual distribution to the Organization will fund community programs and shall not exceed 5% of the previous three year average of the ending net assets calculated at December 31 of each year. No distributions were made from the Barnett Shale Fund during the years ended June 30, 2011 and 2010.

The net assets of the Women's Fund are restricted by the donor and have been appropriately reflected in the restricted column in the accompanying statements of financial position under the caption "Women's Fund". The annual distribution to the Organization will fund community programs and shall not exceed 5% of the previous three year average of the ending net assets calculated at December 31 of each year. The Women's Fund distributions to the Organization for the years ended June 30, 2011 and 2010 were \$11,742 and \$10,000 respectively.

**UNITED WAY OF TARRANT COUNTY
NOTES TO FINANCIAL STATEMENTS**

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Donated Assets and Services

The Organization recognizes donated property as a contribution at its estimated market value at the date of the gift. A substantial number of volunteers have donated significant amounts of their time and services to the activities of the Organization without compensation. The value of donated services is not recognized as a contribution since no objective basis is available to measure the value of such services and generally they do not require specialized skills.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Salaries and related payroll expenses are recorded based on actual segregation of personnel by program or supporting services benefited. Distribution of all other expenses is based on actual usage or management's estimates of usage applicable to the various programs and supporting services benefited. Campaign expenses are recognized when incurred.

Allocation of Management and General Expenses

Portions of management and general and technology expenses have been allocated to program expenses, within the statements of functional expenses, based upon the full-time equivalent employee method. The full-time equivalent employee method uses a premise that every employee has an associated overhead cost.

Subsequent Events

The Organization evaluated all events and transactions that occurred after June 30, 2011 through November 11, 2011, the date these financial statements were available to be issued.

NOTE C. PLEDGES RECEIVABLE

The Organization, in establishing the annual allowance for uncollectible pledges, starts with the most recent three year average pledge write off (write offs as a percent of pledges) along with any estimated unused allowances from prior years and increases or decreases the allowance based upon management's opinion of current economic conditions which would affect the adequacy of the allowance.

Pledges not collected after approximately twelve months after the Organization concludes its annual fundraising campaign become delinquent and are written off during the subsequent six to nine months.

**UNITED WAY OF TARRANT COUNTY
NOTES TO FINANCIAL STATEMENTS**

NOTE C. PLEDGES RECEIVABLE – CONTINUED

Pledges receivable as of June 30 are expected to be received as follows:

	<u>2011</u>	<u>2010</u>
Within one year	\$ 13,233,971	\$ 12,949,086
Between one and five years	-	200,000
	<u>13,233,971</u>	<u>13,149,086</u>
Less		
Discount to present value (6%)	(9,600)	(28,200)
Allowance for uncollectible pledges	<u>(1,695,337)</u>	<u>(2,461,151)</u>
Total pledges receivable	<u>\$ 11,529,034</u>	<u>\$ 10,659,735</u>

NOTE D. INVESTMENTS

The fair values and related costs of investments at June 30 are summarized as follows:

	<u>2011</u>		<u>2010</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Certificate of deposits	\$3,522,964	\$3,494,991	\$3,633,675	\$3,600,000
Corporate bonds	509,205	509,660	499,670	485,345
U.S. Government securities	<u>3,507,944</u>	<u>3,509,046</u>	<u>3,016,680</u>	<u>3,027,333</u>
	<u>\$7,540,113</u>	<u>\$ 7,513,697</u>	<u>\$7,150,025</u>	<u>\$7,112,678</u>

**UNITED WAY OF TARRANT COUNTY
NOTES TO FINANCIAL STATEMENTS**

NOTE E. LAND, BUILDINGS AND EQUIPMENT

The following is a summary of land, buildings and equipment as of June 30:

	2011	2010
Land	\$ 95,000	\$ 95,000
Buildings	247,227	247,227
Leasehold improvements	209,527	194,115
Equipment	182,258	534,463
Total land, buildings and equipment	734,012	1,070,805
Less accumulated depreciation	(338,101)	(645,962)
Land, buildings and equipment, net	\$ 395,911	\$ 424,843

NOTE F. BENEFIT PLANS

Effective November 1, 2003, the Organization established a 403(b) plan available to all employees who worked at least 1,000 hours. The Organization has elected to make a base contribution of 4% of annual salary. In addition, the Organization elected to match employee contributions, dollar for dollar, up to a maximum of 4% of annual salary. The Organization made employer contributions of approximately \$236,000 and \$241,000 for the years ended June 30, 2011 and 2010, respectively.

NOTE G. POST-RETIREMENT BENEFITS OTHER THAN PENSION

The Organization sponsors an unfunded defined benefit post-retirement plan that provides life insurance benefits to retirees who meet specific eligibility requirements upon termination of active service. Effective January 1, 2005, the Organization suspended the post-retirement life insurance benefit for employees hired after December 31, 2004.

**UNITED WAY OF TARRANT COUNTY
NOTES TO FINANCIAL STATEMENTS**

NOTE G. POST-RETIREMENT BENEFITS OTHER THAN PENSION – CONTINUED

The plan's funded status and other pertinent information related to the plan at June 30 are set forth in the following table:

	2011	2010
Benefit obligation	\$ (369,227)	\$ (357,000)
Fair value of Plan assets	-	-
	<u>\$ (369,227)</u>	<u>\$ (357,000)</u>
Funded status		
Accrued benefit obligation	<u>\$ 369,227</u>	<u>\$ 357,000</u>
Accumulated benefit cost recognized in the statements of financial position	<u>\$ 304,224</u>	<u>\$ 461,000</u>
Net periodic benefit costs	\$ 21,400	\$ 20,900
Employer contributions	-	8,600
Fair value of Plan assets	-	-
Weighted-average assumptions:		
Discount rate	5.18%	6.00%
Rate of compensation increase	3%	0%
Expected return on plan assets	-	-
Actuarial (gain)/loss on benefit obligation	(4,600)	(3,617)
Benefit payments	(4,400)	(8,600)

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid according to the plan year end, December 31:

Fiscal Year	Amount
2011	\$ 8,712
2012	10,254
2013	11,988
2014	14,037
2015	15,812
2016-2020	89,079

**UNITED WAY OF TARRANT COUNTY
NOTES TO FINANCIAL STATEMENTS**

NOTE H. FEDERAL INCOME TAXES

The Organization is exempt from federal income taxes under Section 501(c)3 of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

Effective July 1, 2009, the Organization began to utilize different recognition thresholds and measurement requirements for uncertain tax positions when compared to prior technical literature. Pursuant to the new guidance issued by the Financial Accounting Standards Board in June 2006, the Organization must recognize in its financial statements the financial effects of a tax position, if that position is more likely than not of being sustained upon examination, including resolution of any appeals or litigation processes, based upon the technical merits of the position. Similarly, the guidance also provides guidance on measurement, classification, interest and penalties and disclosure. Tax positions taken by the Organization have been reviewed, and management is of the opinion that material tax positions taken by the Organization would more likely than not be sustained by examination. Accordingly, the Organization has not recorded an income tax liability for uncertain tax benefits. As of June 30, 2011, the Organization's tax years 2007 to 2010 remain subject to examination.

NOTE I. CONCENTRATION OF CREDIT RISK

The Organization maintains its operating bank accounts at one financial institution. The Federal Deposit Insurance Corporation ("FDIC") insures accounts at this financial institution. The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

NOTE J. RELATED PARTY TRANSACTIONS

During fiscal year 2010, the Organization acted as the Principal Combined Fund Organization for the State Employees Charitable Campaign. The campaign was charged approximately \$30,000 during the year ended June 30, 2010 for campaign and administrative support provided by the Organization. The Organization received approximately \$268,000 in pledges from the State Employees Charitable Campaign during the year ended June 30, 2010. The Organization did not serve and the Principal Combined Fund Organization during fiscal year 2011.

From time to time the Organization purchases goods or services from entities affiliated with various committee members or volunteers. Management believes these transactions have been conducted on an arms length basis and no preferential treatment has been afforded the Organization or the vendors.

**UNITED WAY OF TARRANT COUNTY
NOTES TO FINANCIAL STATEMENTS**

NOTE J. RELATED PARTY TRANSACTIONS – CONTINUED

During fiscal years 2011 and 2010, the Organization paid \$100,000 and \$0, respectively, to a university whose dean serves on the Organization’s Board of Directors, \$202,542 and \$0, respectively, to a school district whose Board member also serves on the Board of Directors, and \$85,000 and \$0, respectively, to a college district whose campus president also serves on the Board of Directors. In addition, the beneficial interest in assets held by others is invested with a foundation which has a board member who also serves as a board member of the Organization.

NOTE K. CONTINGENCY

In December 2006, the Organization entered into agreements with two entities whereby the Organization received a temporarily restricted contribution of \$248,725. As a condition of the contribution, the agreements state the \$248,725 shall be held available for a period of six years after the distribution to settle certain indemnity obligations should they arise.

As of the date of this report, neither management nor the Organization has been made aware of any such claims against the contributions, which would require an adjustment in the accompanying financial statements.

NOTE L. LEASES

On August 30, 2007, the Organization entered into a ten year lease to lease its office space. The commencement date of the lease was January 14, 2008. The annual lease obligations for the next five fiscal years and thereafter for this space and other related equipment are:

2012	\$ 419,000
2013	389,000
2014	341,000
2015	334,000
2016	323,000
Thereafter	473,000
Total	\$ 2,279,000

Rent expense was \$412,000 for the year ended June 30, 2011 and \$394,000 for the year ended June 30, 2010.

**UNITED WAY OF TARRANT COUNTY
NOTES TO FINANCIAL STATEMENTS**

NOTE M. RENTAL INCOME

The Organization’s rental revenues are received from not-for-profit organizations herein referred to as tenants under non-cancelable operating leases. During the years ended June 30, 2011 and 2010, approximately \$568,800 and \$528,400, respectively, of rental revenue was generated from tenants. The tenant leases typically provide for minimum rent, charges for all operating costs of the buildings and are adjusted as building expenses increase from year to year.

Minimum future rentals on non-cancelable tenant operating leases at June 30, 2011 are as follows for fiscal years ending June 30:

2012		\$ 338,519
2013		280,300
2014		209,644
2015		103,063
2016		2,054
Total		\$ 933,580

Management has intentions to sell one of the rental properties currently owned during the following fiscal year. As lease agreements expire, tenants are not given the option to renew. This is reflected in the schedule above, and is not expected to significantly change the rental revenue operation.

NOTE N. FAIR VALUE MEASUREMENTS

Generally accepted accounting principles (GAAP) establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active market that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

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

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

**UNITED WAY OF TARRANT COUNTY
NOTES TO FINANCIAL STATEMENTS**

NOTE N. FAIR VALUE MEASUREMENTS – CONTINUED

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2011 and 2010.

Mutual funds: Valued at the net asset value (NAV) of shares held. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding.

Corporate bonds and government securities: Valued at the market quotations provided by brokers and dealers which represents a market approach.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2011:

	2011		Balance as of June 30, 2011
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
Beneficial interest in assets held by others			
Cash equivalents	\$ -	\$ 363,531	\$ 363,531
Mutual funds			
Balanced funds	-	10,020,462	10,020,462
International	-	105,224	105,224
Total mutual funds	-	10,125,686	10,125,686
Total beneficial interest in assets held by others	-	10,489,217	10,489,217
Corporate bonds	-	509,205	509,205
U.S. government securities	-	3,507,944	3,507,944
Total	\$ -	\$ 14,506,366	\$ 14,506,366

**UNITED WAY OF TARRANT COUNTY
NOTES TO FINANCIAL STATEMENTS**

NOTE N. FAIR VALUE MEASUREMENTS – CONTINUED

The following table set forth by level, within the fair value hierarchy, the Organization’s assets at fair value as of June 30, 2010:

	2010		Balance as of June 30, 2010
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
Beneficial interest in assets held by others:			
Cash equivalents	\$ -	\$ 296,538	\$ 296,538
Mutual funds			
Balanced funds	-	8,010,946	8,010,946
International	-	481,387	481,387
Total mutual funds	-	8,492,333	8,492,333
Total beneficial interest in assets held by others	-	8,788,871	8,788,871
Corporate bonds	-	499,670	499,670
U.S. government securities	-	3,016,680	3,016,680
Total	\$ -	\$ 12,305,221	\$ 12,305,221

NOTE O. QUASI-ENDOWMENT FUNDS

The Organization’s quasi-endowments consist of two Board of Director funds which function as an endowment and are reflected under the unrestricted caption “Legacy Fund” in the accompanying statement of financial position. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowments funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as unrestricted the two Board of Director’s Funds. The Organization does not have any donor restricted endowment funds, however the two funds classified as unrestricted have been designated as quasi-endowments by the Board of Directors.

**UNITED WAY OF TARRANT COUNTY
NOTES TO FINANCIAL STATEMENTS**

NOTE O. QUASI-ENDOWMENT FUNDS – CONTINUED

Investment Return Objectives: The Organization has adopted investment and spending policies, approved by the Board of Directors, for board designated funds which function as endowments that attempt to provide a predictable stream of funding for the Organization's operations while maintaining the purchasing power of those endowment assets over the long-term. The investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which meets the annual distribution within acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and fixed securities within mutual funds that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions for operations.

The Organization has adopted a spending policy for annual distributions to the Organization from the unrestricted Legacy Fund of 5% of the previous three year average of the ending net assets of the Legacy Fund calculated at December 31, of each year.

Endowment net asset composition by type of fund as of June 30 is as follows:

	Total Unrestricted Net Quasi-Endowment Assets	
	2011	2010
Board designated	\$ 8,973,284	\$ 7,728,363
Total	\$ 8,973,284	\$ 7,728,363

Changes in endowment net assets for the years ended June 30 are as follows:

	Total Unrestricted Net Quasi-Endowment Assets	
	2011	2010
Quasi-endowment net assets, beginning of year	\$ 7,728,363	\$ 7,391,558
Changes in market value of assets held by others	1,666,229	652,373
Distributions to the Organization	(421,308)	(315,568)
Total quasi-endowment net assets, end of year	\$ 8,973,284	\$ 7,728,363