

UNITED WAY OF METROPOLITAN TARRANT COUNTY

FINANCIAL REPORT

JUNE 30, 2010

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of United Way of Metropolitan Tarrant County (the Organization) as of June 30, 2010, the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended and the statement of cash flows for the year ended June 30, 2009. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2009 financial statements and, in our report dated November 13, 2009, we expressed an unqualified opinion on those 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 financial statements referred to above present fairly, in all material respects, the financial position of United Way of Metropolitan Tarrant County as of June 30, 2010, the changes in its net assets and its cash flows for the year then ended and the changes in its cash flows for the year ended June 30, 2009, 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 January 12, 2011, on our consideration of United Way of Metropolitan 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 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 should be considered in assessing the results of our audit.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
January 12, 2011

**UNITED WAY OF METROPOLITAN TARRANT COUNTY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010 WITH COMPARATIVE TOTALS AT JUNE 30, 2009**

	<u>Unrestricted</u>			<u>Total Unrestricted</u>
	<u>Unrestricted</u>	<u>Service Centers</u>	<u>Legacy Fund</u>	
ASSETS				
Cash	\$ 1,984,185	\$ 68,373	\$ -	\$ 2,052,558
Investments				
Certificate of deposit	-	-	-	-
Corporate bonds	-	-	-	-
U.S. Government securities	-	-	-	-
Total investments, stated at fair value	-	-	-	-
Beneficial interest in assets held by others	-	-	7,728,363	7,728,363
Pledges receivable less allowance for uncollectible pledges of \$2,461,151 at June 30, 2010 and \$2,316,179 in 2009	72,493	-	-	72,493
Other receivables	1,097,172	13,549	-	1,110,721
Prepaid expenses	954,637	-	-	954,637
Land, buildings and equipment, net	424,843	-	-	424,843
Other assets	191,498	-	-	191,498
Total assets	<u>\$ 4,724,828</u>	<u>\$ 81,922</u>	<u>\$ 7,728,363</u>	<u>\$ 12,535,113</u>
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable and accrued expenses	\$ 1,005,810	\$ 27,133	\$ -	\$ 1,032,943
Due to designated organizations	-	-	-	-
Accrued post-retirement benefits	356,776	-	-	356,776
Deferred revenue	858,422	20,916	-	879,338
Total liabilities	2,221,008	48,049	-	2,269,057
Contingencies	-	-	-	-
Net assets	<u>2,503,820</u>	<u>33,873</u>	<u>7,728,363</u>	<u>10,266,056</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,724,828</u>	<u>\$ 81,922</u>	<u>\$ 7,728,363</u>	<u>\$ 12,535,113</u>

The Notes to Financial Statements are an integral part of this statement.

Temporarily Restricted

<u>Barnett Shale Fund</u>	<u>Women's Fund</u>	<u>Legacy Fund</u>	<u>Other Temporarily Restricted</u>	<u>Total Restricted</u>	<u>Total June 30, 2010</u>	<u>Total June 30, 2009</u>
\$ -	\$ -	\$ -	\$ 339,374	\$ 339,374	\$ 2,391,932	\$ 5,763,636
-	-	-	3,633,675	3,633,675	3,633,675	1,051,743
-	-	-	499,670	499,670	499,670	982,564
-	-	-	3,016,680	3,016,680	3,016,680	2,161,910
-	-	-	7,150,025	7,150,025	7,150,025	4,196,217
579,338	232,445	248,725	-	1,060,508	8,788,871	8,187,019
371,800	-	-	10,215,442	10,587,242	10,659,735	12,109,831
-	-	-	-	-	1,110,721	1,066,912
-	-	-	-	-	954,637	37,507
-	-	-	-	-	424,843	466,202
-	-	-	-	-	191,498	149,996
<u>\$ 951,138</u>	<u>\$ 232,445</u>	<u>\$ 248,725</u>	<u>\$ 17,704,841</u>	<u>\$ 19,137,149</u>	<u>\$ 31,672,262</u>	<u>\$ 31,977,320</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,032,943	\$ 1,234,057
-	-	-	3,487,273	3,487,273	3,487,273	4,432,333
-	-	-	-	-	356,776	348,068
-	-	-	-	-	879,338	11,821
-	-	-	3,487,273	3,487,273	5,756,330	6,026,279
-	-	-	-	-	-	-
951,138	232,445	248,725	14,217,568	15,649,876	25,915,932	25,951,041
<u>\$ 951,138</u>	<u>\$ 232,445</u>	<u>\$ 248,725</u>	<u>\$ 17,704,841</u>	<u>\$ 19,137,149</u>	<u>\$ 31,672,262</u>	<u>\$ 31,977,320</u>

**UNITED WAY OF METROPOLITAN TARRANT COUNTY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2010 WITH COMPARATIVE TOTALS
FOR THE YEAR ENDED JUNE 30, 2009**

	Unrestricted			Total Unrestricted
	Unrestricted	Service Centers	Legacy Fund	
<u>Revenues, Gains and Other Support</u>				
Campaign contributions received in current year	\$ -	\$ -	\$ -	\$ -
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	-	-	-	-
Campaign contributions received in prior year	21,926,252	-	-	21,926,252
Designations from other United Ways received in prior year	1,189,907	-	-	1,189,907
Less donor designations	(6,703,418)	-	-	(6,703,418)
Less allowance for uncollectible pledges	(1,730,000)	-	-	(1,730,000)
Net contributions received in prior year, released from restriction in current year	14,682,741	-	-	14,682,741
Net campaign revenues	14,682,741	-	-	14,682,741
Additional campaign contributions from prior years	361,477	-	-	361,477
Other contributions	30,233	-	-	30,233
Donated equipment	15,601	-	-	15,601
Legacies and bequests	120,633	-	-	120,633
Grants	7,844,825	-	-	7,844,825
Interest and dividend income	83,148	-	-	83,148
Changes in market value of assets held by others	-	-	652,373	652,373
Rental income	-	528,357	-	528,357
Other	48,838	-	-	48,838
Total revenues, gains and other support	23,187,496	528,357	652,373	24,368,226
<u>Allocations and Functional Expenses</u>				
Allocations to agencies	10,809,944	-	-	10,809,944
Designations to partner agencies	3,895,919	-	-	3,895,919
Allocations to grant benefit providers	4,853,929	-	-	4,853,929
Designations to other organizations	2,807,500	-	-	2,807,500
Less designations funded through donor choice	(6,703,418)	-	-	(6,703,418)
Allocations net of designations	15,663,874	-	-	15,663,874
Other program services	4,580,813	525,403	-	5,106,216
Total program services	20,244,687	525,403	-	20,770,090
Support services	3,122,755	-	-	3,122,755
Total expenses	23,367,442	525,403	-	23,892,845
Increase (decrease) in net assets	(179,946)	2,954	652,373	475,381
Net assets at beginning of year	2,377,013	30,919	7,391,558	9,799,490
Pension adjustment	3,617	-	-	3,617
Transfers	303,136	-	(315,568)	(12,432)
Net assets at end of period	\$ 2,503,820	\$ 33,873	\$ 7,728,363	\$ 10,266,056

The Notes to Financial Statements are an integral part of this statement.

Temporarily Restricted						
Barnett Shale Fund	Women's Fund	Legacy Fund	Other Temporarily Restricted	Total Restricted	Total June 30, 2010	Total June 30, 2009
\$ -	\$ -	\$ -	\$ 20,503,707	\$ 20,503,707	\$ 20,503,707	\$ 21,926,252
-	-	-	1,212,284	1,212,284	1,212,284	1,189,907
-	-	-	(6,318,071)	(6,318,071)	(6,318,071)	(6,703,418)
-	-	-	(1,310,000)	(1,310,000)	(1,310,000)	(1,730,000)
-	-	-	14,087,920	14,087,920	14,087,920	14,682,741
-	-	-	(21,926,252)	(21,926,252)	-	-
-	-	-	(1,189,907)	(1,189,907)	-	-
-	-	-	6,703,418	6,703,418	-	-
-	-	-	1,730,000	1,730,000	-	-
-	-	-	(14,682,741)	(14,682,741)	-	-
-	-	-	(594,821)	(594,821)	14,087,920	14,682,741
-	-	-	-	-	361,477	677,186
28,100	-	-	-	28,100	58,333	608,850
-	-	-	-	-	15,601	18,972
-	-	-	-	-	120,633	433
-	-	-	-	-	7,844,825	5,851,383
-	-	-	-	-	83,148	154,669
22,005	30,609	-	-	52,614	704,987	(1,509,579)
-	-	-	-	-	528,357	552,291
-	-	-	-	-	48,838	39,803
50,105	30,609	-	(594,821)	(514,107)	23,854,119	21,076,749
-	-	-	-	-	10,809,944	11,508,086
-	-	-	-	-	3,895,919	3,725,150
-	-	-	-	-	4,853,929	3,202,412
-	-	-	-	-	2,807,500	3,075,310
-	-	-	-	-	(6,703,418)	(6,800,459)
-	-	-	-	-	15,663,874	14,710,499
-	-	-	-	-	5,106,216	5,367,492
-	-	-	-	-	20,770,090	20,077,991
-	-	-	-	-	3,122,755	3,448,904
-	-	-	-	-	23,892,845	23,526,895
50,105	30,609	-	(594,821)	(514,107)	(38,726)	(2,450,146)
901,033	189,404	248,725	14,812,389	16,151,551	25,951,041	28,425,678
-	-	-	-	-	3,617	(24,491)
-	12,432	-	-	12,432	-	-
\$ 951,138	\$ 232,445	\$ 248,725	\$ 14,217,568	\$ 15,649,876	\$ 25,915,932	\$ 25,951,041

**UNITED WAY OF METROPOLITAN TARRANT COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2010 WITH COMPARATIVE TOTALS
FOR THE YEAR ENDED JUNE 30, 2009**

	Allocations & Community Impact	Homelessness	Community Initiatives	211 Information & Referral	Area Agency on Aging Grants and Services Program	Labor Relations/ Community Service
Allocations/grants net of designations	\$ 10,809,944	\$ 1,846,471	\$ 16,643	\$ -	\$ 2,990,816	\$ -
Salaries and wages	515,190	-	99,892	677,622	847,500	75,228
Employee benefits	73,036	-	24,506	129,959	148,920	13,353
Payroll taxes	35,213	-	7,575	53,725	61,901	5,726
Professional fees	63,954	-	6,364	49,816	75,492	510
Supplies	18,732	-	4,973	11,574	22,303	312
Telephone	7,726	-	10,608	15,088	35,469	741
Postage and shipping	3,467	-	1,263	599	2,717	34
Occupancy	51,701	-	21,291	34,305	108,984	3,179
Outside printing	44,905	-	14,194	37,395	29,794	19
Local transportation	4,343	-	3,981	7,363	14,969	970
Conferences and training	2,163	-	3,310	7,177	28,005	1,318
Meetings-community/agency	34,282	-	14,995	3,407	5,381	-
Community promotion	5,459	-	-	249	3,517	-
Subscriptions	101	-	385	509	68	5
Membership dues	13,752	-	3,223	11,683	14,412	671
Awards	518	-	-	94	545	-
Equipment/buildings-maintenance/rental	32,241	-	3,308	20,876	50,378	672
Insurance and miscellaneous	1,275	-	-	-	4,791	-
Specific assistance	15,600	-	-	7,240	739,545	-
Payments to affiliated organizations	11,721	-	-	-	-	-
Depreciation	3,836	-	1,387	9,785	5,442	356
Total functional expenses	\$ 11,749,159	\$ 1,846,471	\$ 237,898	\$ 1,078,466	\$ 5,190,949	\$ 103,094

The Notes to Financial Statements are an integral part of this statement.

Service Centers	Total Program Services	Communications	Fund Raising	Management & General	Total Supporting Services	June 30, 2010 TOTAL FUNCTIONAL EXPENSES	June 30, 2009 TOTAL FUNCTIONAL EXPENSES
\$ -	\$ 15,663,874	\$ -	\$ -	\$ -	\$ -	\$ 15,663,874	\$ 14,710,499
56,844	2,272,276	170,765	859,804	581,422	1,611,991	3,884,267	4,027,681
12,000	401,774	33,489	132,855	122,792	289,136	690,910	647,410
3,473	167,613	13,507	62,429	45,243	121,179	288,792	296,104
41,857	237,993	93,262	21,768	97,731	212,761	450,754	631,469
1,506	59,400	2,791	8,862	16,268	27,921	87,321	112,963
3,630	73,262	7,074	17,763	12,722	37,559	110,821	117,816
1	8,081	218	9,191	7,427	16,836	24,917	32,764
304,996	524,456	34,426	106,580	122,844	263,850	788,306	791,718
109	126,416	6,555	66,330	789	73,674	200,090	195,393
150	31,776	560	14,945	5,841	21,346	53,122	62,218
4	41,977	(577)	(5,404)	5,147	(834)	41,143	81,570
-	58,065	431	52,695	33,576	86,702	144,767	182,858
-	9,225	4,596	47,724	-	52,320	61,545	53,972
1	1,069	338	89	1,071	1,498	2,567	3,521
194	43,935	2,028	10,742	12,297	25,067	69,002	54,644
-	1,157	39	2,092	362	2,493	3,650	14,924
129,990	237,465	3,534	14,082	22,882	40,498	277,963	348,007
-	6,066	-	319	6,275	6,594	12,660	12,381
-	762,385	-	-	-	-	762,385	879,515
-	11,721	1,541	6,630	191,616	199,787	211,508	216,500
9,298	30,104	1,756	6,165	24,456	32,377	62,481	52,968
\$ 564,053	\$ 20,770,090	\$ 376,333	\$ 1,435,661	\$ 1,310,761	\$ 3,122,755	\$ 23,892,845	\$ 23,526,895

**UNITED WAY OF METROPOLITAN TARRANT COUNTY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Decrease in net assets	\$ (38,726)	\$ (2,450,146)
Adjustments to reconcile decrease in net assets to net cash used in operating activities		
Loss on retirement of fixed assets	-	335
Changes in market value of assets held by others	(704,987)	1,509,579
Depreciation	62,481	52,968
Donated equipment capitalization	-	(18,972)
Changes in operating assets and liabilities		
Pledges receivable	1,450,096	409,309
Other receivables	(43,809)	(130,035)
Prepaid expenses	(917,130)	1,674
Other assets	(41,502)	1,535
Accounts payable and accrued expenses	(201,114)	495,460
Due to designated organizations	(945,060)	(620,422)
Accrued post-retirement benefits	12,325	11,059
Deferred revenue	867,517	11,821
	<u>(499,909)</u>	<u>(725,835)</u>
Net cash used in operating activities		
Cash flows from financing activities	-	-
Cash flows from investing activities		
Capital expenditures	(21,122)	(33,673)
Net changes to beneficial interest in assets held by others	103,135	88,123
Sale of investments	24,783,692	45,928,769
Purchase of investments	<u>(27,737,500)</u>	<u>(39,929,924)</u>
Net cash provided by (used in) investing activities	<u>(2,871,795)</u>	<u>6,053,295</u>
Net change in cash	(3,371,704)	5,327,460
Cash at beginning of year	<u>5,763,636</u>	<u>436,176</u>
Cash at end of year	<u>\$ 2,391,932</u>	<u>\$ 5,763,636</u>

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

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

NOTE. A. NATURE OF BUSINESS

The United Way of Metropolitan 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 board designated and transferred to the Community Foundation. The assets 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.

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

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

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, 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 carry 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.

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

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

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, 2009, 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.

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

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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, 2010 and will become unrestricted at July 1, 2010 to support operations throughout the fiscal year ending June 30, 2011.

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 at which time the funds were board designated and have 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, 2010 and 2009 were \$435,568 and \$471,293 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, 2010 and 2009.

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

NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Temporarily Restricted and Board Designated Net Assets – Continued

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 statement 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, 2010 and 2009 were \$10,000 and \$0 respectively.

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, 2010 through January 12, 2011, the date these financial statements were available to be issued.

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

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.

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

	<u>2010</u>	<u>2009</u>
Within one year	\$ 12,949,086	\$ 14,082,310
Between one and five years	<u>200,000</u>	<u>400,000</u>
	13,149,086	14,482,310
Less		
Discount to present value (6%)	(28,200)	(56,300)
Allowance for uncollectible pledges	<u>(2,461,151)</u>	<u>(2,316,179)</u>
Total pledges receivable	<u><u>\$ 10,659,735</u></u>	<u><u>\$ 12,109,831</u></u>

NOTE D. INVESTMENTS

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

	<u>2010</u>		<u>2009</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Certificate of deposits	\$ 3,633,675	\$ 3,600,000	\$ 1,051,743	\$ 1,050,000
Corporate bonds	499,670	485,345	982,564	978,105
U.S. Government securities	<u>3,016,680</u>	<u>3,027,333</u>	<u>2,161,910</u>	<u>2,175,173</u>
	<u><u>\$ 7,150,025</u></u>	<u><u>\$ 7,112,678</u></u>	<u><u>\$ 4,196,217</u></u>	<u><u>\$ 4,203,278</u></u>

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

NOTE E. LAND, BUILDINGS, AND EQUIPMENT

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

	<u>2010</u>	<u>2009</u>
Land	\$ 95,000	\$ 95,000
Buildings	247,227	247,227
Leasehold improvements	194,115	194,115
Equipment	<u>534,463</u>	<u>513,341</u>
Total land, buildings and equipment	1,070,805	1,049,683
Less accumulated depreciation	<u>(645,962)</u>	<u>(583,481)</u>
Land, buildings, and equipment, net	<u><u>\$ 424,843</u></u>	<u><u>\$ 466,202</u></u>

NOTE F. BENEFIT PLANS

Effective November 1, 2003, the Organization established a new 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 \$241,000 and \$239,000 for the years ended June 30, 2010 and 2009, respectively.

NOTE G. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS

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 METROPOLITAN TARRANT COUNTY
NOTES TO FINANCIAL STATEMENTS**

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

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

	<u>2010</u>	<u>2009</u>
Benefit obligation	\$ (357,000)	\$ (348,000)
Fair value of Plan assets	-	-
Funded status	<u>\$ (357,000)</u>	<u>\$ (348,000)</u>
Accumulated benefit obligation	<u>\$ 357,000</u>	<u>\$ 348,000</u>
Accrued benefit cost recognized in the statements of financial position	<u>\$ 461,000</u>	<u>\$ 449,000</u>
Net periodic benefit costs	\$ 20,900	\$ 18,800
Employer contributions	8,600	7,700
Fair value of Plan assets	-	-
Weighted-average assumptions		
Discount rate	6.00%	6.00%
Rate of compensation increase	0%	0%
Expected return on plan assets	-	-
Actuarial (gain)/loss on benefit obligation	(3,617)	24,886
Benefit payments	-	-

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

<u>Fiscal Year</u>	<u>Amount</u>
2011	\$ 27,200
2012	28,500
2013	29,700
2014	30,800
2015	31,900
2016-2020	164,400

**UNITED WAY OF METROPOLITAN 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 new accounting guidance related to uncertain tax positions, 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, 2010, the Organization's tax years 2006 to 2009 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 up to \$250,000. Cash at this financial institution exceeded federally insured limits by approximately \$471,100 as of June 30, 2010 and approximately \$92,400 as of June 30, 2009. The Organization has not experienced any losses related to uninsured deposits.

NOTE J. RELATED PARTY TRANSACTIONS

State Employees Campaigns

The Organization acts 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 and \$39,000 for the year ended June 30, 2009 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 and \$360,000 during the year ended June 30, 2009.

Purchase of Goods and Services

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 METROPOLITAN TARRANT COUNTY
NOTES TO FINANCIAL STATEMENTS**

NOTE K. CONTINGENCY

In May 2003, the Organization entered into agreements with two entities whereby the Organization received a temporarily restricted contribution of \$1,900,000. As a condition of the contribution, the agreements state the \$1,900,000 received in May 2003 shall be held available for a period of six years after the distribution to settle certain indemnity obligations should they arise. In April 2004, the Organization entered into an agreement with the Community Foundation establishing the United Way Legacy Fund. A special disbursement provision of that agreement will have Community Foundation disburse to the Organization an amount required to meet the indemnification requirement mentioned above, if necessary, except that the disbursement will not exceed the balance of the Fund at that time. The restriction on the \$1,900,000 expired in May 2009.

In December 2006, the Organization entered into agreements with two entities (same as above) 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:

2011	\$ 409,000
2012	396,000
2013	372,000
2014	331,000
2015	334,000
Thereafter	<u>796,000</u>
Total	<u>\$ 2,638,000</u>

Rent expense was \$394,000 for the year ended June 30, 2010 and \$396,000 for the year ended June 30, 2009.

**UNITED WAY OF METROPOLITAN 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, 2010 and 2009, approximately \$528,400 and \$552,300 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, 2010 are as follows for fiscal years ending June 30:

<u>Fiscal Year</u>	
2011	\$ 338,834
2012	235,926
2013	192,556
2014	130,708
2015	89,173
Thereafter	<u>5,846</u>
Total	<u>\$ 993,043</u>

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 METROPOLITAN 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, 2010 and 2009.

Corporate bonds, government securities, and mutual funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Certificates of deposit: Valued at carrying value, which approximates fair value as determined by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the credit-worthiness of the issuer.

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 tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2010 and 2009.

	2010		Balance as of June 30, 2010
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
Certificates of deposit	\$ -	\$ 3,633,675	\$ 3,633,675
Corporate bonds	-	499,670	499,670
U.S. Government securities	3,016,680	-	3,016,680
Beneficial interest in assets Held by others	-	8,788,871	8,788,871
Total	<u>\$ 3,016,680</u>	<u>\$ 12,922,216</u>	<u>\$ 15,938,896</u>

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

NOTE N. FAIR VALUE MEASUREMENTS – CONTINUED

	2009		Balance as of June 30, 2010
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
Certificates of deposit	\$ -	\$ 1,051,743	\$ 1,051,743
Corporate bonds	-	982,564	982,564
U.S. Government securities	2,161,910	-	2,161,910
Beneficial interest in assets Held by others	-	8,187,019	8,187,019
Total	<u>\$ 2,161,910</u>	<u>\$ 10,221,326</u>	<u>\$ 12,383,236</u>

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 funds, however the two funds classified as unrestricted have been designated as quasi-endowments by the Board of Directors.

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.

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

NOTE O. QUASI-ENDOWMENT FUNDS – CONTINUED

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	
	2010	2009
Board designated	\$ 7,728,363	\$ 7,391,558
Total	\$ 7,728,363	\$ 7,391,558

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

	Total Unrestricted Net Quasi-Endowment Assets	
	2010	2009
Quasi-endowment net assets, beginning of year	\$ 7,391,558	\$ 9,344,735
Changes in market value of assets held by others	652,373	(1,481,884)
Distribution to Organization	(315,568)	(471,293)
Total quasi- endowment net assets, end of year	\$ 7,728,363	\$ 7,391,558