



United Way of  
Dutchess County

**UNITED WAY OF DUTCHESS COUNTY, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2010 AND 2009**

**UNITED WAY OF DUTCHESS COUNTY, INC.**  
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## Independent Auditor's Report

To the Board of Governors of  
United Way of Dutchess County, Inc.

We have audited the accompanying statements of financial position of United Way of Dutchess County, Inc. (a nonprofit organization) as of June 30, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of United Way of Dutchess County, Inc.'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 audits 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 financial position of United Way of Dutchess County, Inc. as of June 30, 2010 and 2009 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Schedule of Program Grants pages 21 – 22 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*D'Arcangelo & Co., LLP*

October 20, 2010  
Poughkeepsie, New York

**UNITED WAY OF DUTCHESS COUNTY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,377,272	\$ 2,066,306
Investments	1,669,823	1,433,293
Grants receivable	-	135,561
Pledges receivable, less allowance for doubtful accounts of \$134,049 and \$262,449, respectively	905,355	937,986
Other assets	47,055	47,055
Prepaid expenses	<u>21,274</u>	<u>20,013</u>
Total current assets	<u>5,020,779</u>	<u>4,640,214</u>
<b>Property and equipment</b>		
Land	12,000	12,000
Building	80,000	80,000
Building improvements	489,773	455,743
Equipment	169,925	269,071
Furniture and fixtures	<u>16,275</u>	<u>16,275</u>
	767,973	833,089
Accumulated depreciation	<u>(384,160)</u>	<u>(418,559)</u>
Total property and equipment	<u>383,813</u>	<u>414,530</u>
<b>Other assets, security deposits</b>	<u>12,416</u>	<u>12,416</u>
Total assets	<u><u>\$ 5,417,008</u></u>	<u><u>\$ 5,067,160</u></u>

**UNITED WAY OF DUTCHESS COUNTY, INC.**  
**STATEMENTS OF FINANCIAL POSITION, continued**  
**June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 61,480	\$ 86,024
Accrued expenses	41,579	41,226
Grants payable	223,133	-
Donor designated organizations payable	228,170	229,196
Restricted donations payable	<u>29,877</u>	<u>30,891</u>
Total current liabilities	<u>584,239</u>	<u>387,337</u>
<b>Net assets</b>		
<i>Unrestricted</i>		
Operating	3,212,194	2,882,761
Board designated	836,735	865,648
Property and equipment	<u>383,813</u>	<u>414,530</u>
Total unrestricted	4,432,742	4,162,939
<i>Temporarily restricted</i>	116,284	233,141
<i>Permanently restricted</i>	<u>283,743</u>	<u>283,743</u>
Total net assets	<u>4,832,769</u>	<u>4,679,823</u>
 Total liabilities and net assets	 <u>\$ 5,417,008</u>	 <u>\$ 5,067,160</u>

**UNITED WAY OF DUTCHESS COUNTY, INC.**  
**STATEMENTS OF ACTIVITIES**  
**Years ended June 30, 2010 and 2009**

	2010			2009				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Operating revenue, gains and other support</b>								
Annual campaign contributions including donor designated amounts	\$ 2,497,226	\$ -	\$ -	\$ 2,497,226	\$ 2,587,788	\$ -	\$ -	\$ 2,587,788
Other contributions	114,657	-	-	114,657	55,209	-	-	55,209
Interest and dividends on cash and cash equivalents	1,141	-	-	1,141	20,085	-	-	20,085
Net realized losses on investments	(8,678)	-	-	(8,678)	(1,452)	-	-	(1,452)
Grant income	10,000	-	-	10,000	104,007	193,047	-	297,054
Other income	50,652	-	-	50,652	26,885	-	-	26,885
Investment returns designated for current operations	50,472	-	-	50,472	43,198	-	-	43,198
Net assets released from restriction	135,002	(135,002)	-	-	-	-	-	-
Total operating revenue, gains and other support including donor designated amounts	2,850,472	(135,002)	-	2,715,470	2,835,720	193,047	-	3,028,767
Less: provision for uncollectible pledges	(134,049)	-	-	(134,049)	(262,449)	-	-	(262,449)
Less: donor designated amounts	(333,440)	-	-	(333,440)	(368,945)	-	-	(368,945)
Net operating revenue, gains and other support	2,382,983	(135,002)	-	2,247,981	2,204,326	193,047	-	2,397,373
Expenses and losses:								
<i>Grants and program services</i>								
Community fund grants	128,915	-	-	128,915	450,174	-	-	450,174
Community impact programs	973,945	-	-	973,945	455,980	-	-	455,980
Other grants	21,150	-	-	21,150	41,673	-	-	41,673
Community building services	280,294	-	-	280,294	368,757	-	-	368,757
Total grants and program services	1,404,304	-	-	1,404,304	1,316,584	-	-	1,316,584
<i>Supporting services</i>								
Management and general	223,099	-	-	223,099	317,869	-	-	317,869
Fundraising	585,721	-	-	585,721	637,507	-	-	637,507
Total supporting services	808,820	-	-	808,820	955,376	-	-	955,376
Total expenses and losses	2,213,124	-	-	2,213,124	2,271,960	-	-	2,271,960
Change in net assets from operations	169,859	(135,002)	-	34,857	(67,634)	193,047	-	125,413

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

UNITED WAY OF DUTCHESS COUNTY, INC.  
STATEMENTS OF ACTIVITIES, Continued  
Years ended June 30, 2010 and 2009

	2010			2009				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Non-operating activities</b>								
Non-operating grant income	\$ 26,872	\$ 15,128	\$ -	\$ 42,000	\$ -	\$ -	\$ -	\$ -
Consultant expenses	(26,872)	-	-	(26,872)	-	-	-	-
Implementation of new software	(35,534)	-	-	(35,534)	-	-	-	-
Net realized gains on investments	9,914	-	-	9,914	5,203	-	-	5,203
Net unrealized gains (losses) on investments	162,133	4,677	-	166,810	(346,268)	(8,914)	-	(355,182)
Endowment interest and dividends	15,422	340	-	15,762	29,356	588	-	29,944
Endowment contributions	-	-	-	-	-	-	320	320
Endowment distributions	(3,519)	-	-	(3,519)	(28,197)	-	-	(28,197)
Board transfer of endowment earnings to operations	(50,472)	-	-	(50,472)	(43,198)	-	-	(43,198)
Net assets released from restriction	2,000	(2,000)	-	-	13,331	(13,331)	-	-
Total non-operating activities	99,944	18,145	-	118,089	(369,773)	(21,657)	320	(391,110)
Change in net assets	269,803	(116,857)	-	152,946	(437,407)	171,390	320	(265,697)
Net assets, beginning of year	4,162,939	233,141	283,743	4,679,823	4,600,346	61,751	283,423	4,945,520
Net assets, end of year	\$ 4,432,742	\$ 116,284	\$ 283,743	\$ 4,832,769	\$ 4,162,939	\$ 233,141	\$ 283,743	\$ 4,679,823

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

UNITED WAY OF DUTCHESS COUNTY, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
Years ended June 30, 2010 and 2009

	2010				2009			
	Program	Administrative		Total	Program	Administrative		Total
		Community Building Services	Management & General			Community Building Services	Management & General	
<b>Staff compensation</b>								
Salaries	\$ 100,268		\$ 88,061	\$ 362,421	\$ 182,944		\$ 104,285	\$ 524,186
Payroll taxes	9,167		6,591	31,144	16,773		8,369	46,850
Retirement	2,817		2,520	9,645	10,215		6,746	27,628
Health and life insurance	12,380		8,418	38,836	15,666		9,273	44,359
Total staff compensation	124,632		105,590	442,046	225,598		128,673	643,023
<b>Direct divisional expenses</b>								
Contract fees	41,477		37,653	180,788	9,000		135,232	146,010
Advertising and marketing	22,670		250	83,792	46,738		-	202,968
Supplies	16,455		3,601	26,618	17,642		2,934	30,756
Printing	5,096		305	40,553	354		304	33,916
Meetings and dues	394		6,403	7,854	1,379		3,654	6,790
Volunteer development	783		582	2,225	-		242	246
Transportation	252		5,318	7,353	601		5,688	7,996
Special events and projects	-		4,782	60,249	-		6,239	53,152
Postage	2,333		2,031	13,835	2,635		1,212	12,828
Total direct divisional expenses	89,460		60,925	423,267	78,349		155,505	494,662
<b>Central operating services</b>								
Service contracts	9,968		7,190	31,958	9,145		3,626	24,516
Professional development	832		4,008	6,754	334		1,565	3,249
Telephone	1,493		2,655	6,364	2,654		2,572	8,633
Occupancy and depreciation	31,066		24,863	103,136	29,075		11,703	78,010
Organizational dues	7,312		5,698	24,127	4,910		6,710	22,297
Insurance	4,997		3,636	16,092	6,987		2,769	18,720
Payroll processing fees	2,558		1,563	8,194	4,291		1,529	10,875
Professional fees	5,880		4,979	19,875	5,595		2,498	15,275
Bank service charges	2,096		1,676	6,985	1,819		719	4,873
Loss on equipment disposal	-		316	316	-		-	-
Total central operating services	66,202		56,584	223,801	64,810		33,691	186,448
	\$ 280,294		\$ 223,099	\$ 1,089,114	\$ 368,757		\$ 317,869	\$ 1,324,133

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



UNITED WAY OF DUTCHESS COUNTY, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES, continued  
Years ended June 30, 2010 and 2009

	2010				2009			
	Program	Administrative		Total	Program	Administrative		Total
	Community Building Services	Management & General	Fund-Raising		Community Building Services	Management & General	Fund-Raising	
<b>Program grants</b>								
Community fund grants	\$ 128,915	\$ -	\$ -	\$ 128,915	\$ 450,174	\$ -	\$ -	\$ 450,174
Community impact programs	973,945	-	-	973,945	455,980	-	-	455,980
Other grants	21,150	-	-	21,150	41,673	-	-	41,673
Total grants	1,124,010	-	-	1,124,010	947,827	-	-	947,827
Total operating expenses	1,404,304	223,099	585,721	2,213,124	1,316,584	317,869	637,507	2,271,960
<b>Non-operating expenditures</b>								
Consultant expenses	-	26,872	-	26,872	-	-	-	-
Implementation of new software	-	35,534	-	35,534	-	-	-	-
Total non-operating expenses	-	62,406	-	62,406	-	-	-	-
Total expenses	\$ 1,404,304	\$ 285,505	\$ 585,721	\$2,275,530	\$ 1,316,584	\$ 317,869	\$ 637,507	\$ 2,271,960

**UNITED WAY OF DUTCHESS COUNTY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years ended June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 152,946	\$ (265,697)
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities</i>		
Depreciation	65,701	41,116
Unrealized (gains) losses on investments	(166,810)	355,182
Net realized gains on investments	(1,236)	(3,751)
Change in allowance for uncollectible receivables	(128,400)	125,238
Contributions restricted for long-term investment	-	(320)
Endowment transfer	-	25,197
Donated investments	(91,186)	(67,201)
Donated equipment	-	(6,374)
Loss on equipment disposal	316	-
<i>(Increase)/decrease in</i>		
Grants receivable	135,561	(135,561)
Pledges receivable	161,031	180,673
Prepaid expenses	(1,261)	(9,130)
<i>Increase/(decrease) in</i>		
Accounts payable	(24,544)	(17,030)
Accrued expenses	353	(26,448)
Grants payable	223,133	-
Donor designated agencies payable	(1,026)	3,287
Restricted gifts payable	(1,014)	(3,458)
Deferred income	-	(12,506)
Net cash provided by operating activities	<u>323,564</u>	<u>183,217</u>

**UNITED WAY OF DUTCHESS COUNTY, INC.**  
**STATEMENTS OF CASH FLOWS, continued**  
**Years ended June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	\$ (35,300)	\$ (78,267)
Proceeds from sale of investments	82,508	65,746
Proceeds from sale of endowment investments	53,990	45,198
Purchases of investments	<u>(113,796)</u>	<u>(30,262)</u>
Net cash provided by/(used in) investing activities	<u>(12,598)</u>	<u>2,415</u>
<b>Cash flows from financing activities</b>		
Proceeds from endowment contributions	<u>-</u>	<u>320</u>
Net increase in cash	310,966	185,952
<b>Cash and cash equivalents, beginning of year</b>	<u>2,066,306</u>	<u>1,880,354</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 2,377,272</u>	<u>\$ 2,066,306</u>

**Supplemental disclosures of non-cash investing activities**

During the years ended June 30, 2010 and 2009, United Way disposed of fully depreciated equipment in the amount of \$95,364 and \$104,336, respectively, for no gain or loss. These amounts have been excluded from the statements of cash flows presented.

During the year ended June 30, 2009, United Way capitalized donated equipment valued at \$6,374. This amount has been excluded from the purchases of property and equipment on the statements of cash flows presented.

**UNITED WAY OF DUTCHESS COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2010 and 2009**

**1. Summary of Significant Accounting Policies**

*Organization*

The mission of United Way of Dutchess County, Inc. (United Way) is to build a stronger, healthier community by raising resources and developing partnerships that make a measurable difference in peoples' lives. United Way's support comes primarily from campaign contributions from individuals and corporations who reside in or conduct business in Dutchess County, New York.

*Net asset classification*

Net assets are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions and are available to support and fund United Way programs and other organizations through the granting of amounts raised during the annual campaigns.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that are available to fund programs and organizations in Dutchess County. Grant recipients and amounts are specified by the donor.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently. Generally, the donors of these assets permit the United Way to use all or part of the income earned on these investments for general or specific purposes.

United Way follows FASB Accounting Standards Codification 958-205 (ASC 958-205), *Presentation of Financial Statements* formerly Financial Accounting Standards Board Staff Position No. FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*. The standard provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The standard also improves disclosures about an organization's endowment funds (both donor restricted endowment funds and board designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of New York had not adopted UPMIFA as of June 30, 2010. United Way is governed subject to donor directives and investment policies. The Board of Governors has determined that the majority of the United Way's contributions are subject to the terms of these directives and policies. Certain contributions are received subject to other gift instruments, or are subject to specific agreements with United Way.

As of September 17, 2010, New York State adopted UPMIFA. Subsequent to this date, United Way will be required to follow the net asset classification and disclosure requirements of ASC 958-205, which could have a material effect on United Way's financial statements. United Way has not determined the effect that the adoption of UPMIFA will have on its financial statements.

**UNITED WAY OF DUTCHESS COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**June 30, 2010 and 2009**

**1. Summary of Significant Accounting Policies, continued**

*Net asset classification, continued*

Under the terms of the directives, the Board of Governors can be given the ability to distribute so much of the corpus of any endowment or separate gift, devise, bequest, or fund as the board in its sole discretion shall determine. As a result of the ability to distribute corpus, all contributions not classified as temporarily restricted or permanently restricted are classified as unrestricted net assets for financial statement purposes.

Temporarily restricted net assets consist of restricted contributions receivable, and the remaining portion of donor-restricted endowment funds that are not classified as permanently restricted net assets. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets represent the fair value of the original gift as of the gift date and the original value of subsequent gifts to donor-restricted endowment funds.

*Endowment investment and spending policies*

United Way has adopted investment and spending policies for endowment assets that attempt to provide for long term growth. United Way's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term return objective is to achieve a growth rate of 5% real growth per year over inflation. Actual returns in any given year may vary from this amount. The target payout rate is 5% of the prior three years moving average market value of the portfolio and will be available for expenditure consistent with the terms of the gifts.

To achieve long term capital appreciation with a moderate level of risk, United Way has elected to deposit its endowment funds with the Community Foundation of Dutchess County for investment management.

*Public support and revenue*

Annual campaign contributions are generally available for unrestricted use in the campaign year unless specifically restricted by the donor. Unconditional promises to give are recorded as earned when pledged. The majority of promises to give are received from a broad base of Dutchess County contributors as a result of the annual campaign. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable. Management uses various factors to determine the allowance including assessments of historical uncollectible rates and adjusting for current local economic conditions to arrive at the most likely loss rate.

**UNITED WAY OF DUTCHESS COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**June 30, 2010 and 2009**

**1. Summary of Significant Accounting Policies, continued**

*Public support and revenue, continued*

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are classified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Endowment funds are comprised of contributions and investments that are classified as permanently restricted net assets (donor stipulated), temporarily restricted (donor advised) and board designated unrestricted net assets (board advised). Investment earnings on the donor advised portion are classified as temporarily restricted. All other earnings are classified as unrestricted net assets.

United Way follows Financial Accounting Standards Board Accounting Standards Codification 958-605-25 ("ASC 958-605-25"), *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*. ASC 958-605-25 establishes standards for accounting for certain transactions in which an entity (the donor) makes a contribution by transferring assets to a not-for-profit organization or charitable trust (the recipient organization) that accepts the assets from the donor and agrees to use those assets on behalf of, and/or transfer those assets, to an unaffiliated entity (the beneficiary) that is specified by the donor. These transfers shall not be considered contributions but instead as transactions to be reported as a separate line item in the statements of activities.

*Fair values of financial instruments*

The carrying amounts of cash, cash equivalents and short-term pledges receivable reported in the statements of financial position approximate fair values because of the short maturities of those instruments.

United Way follows Financial Accounting Standards Board Accounting Standards Codification 820 (ASC 820) *Fair Value Measurements*. Under ASC 820, United Way determines the fair market value of its financial instruments based on the fair value hierarchy established in the standard. United Way is required to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A hierarchy was set by ASC 820, all financial instruments measured at fair value are required to be classified as Level 1, Level 2, or Level 3.

*Level 1*

Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities and derivative contracts that are traded in an active exchange market.

*Level 2*

Level 2 inputs are observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable.

**UNITED WAY OF DUTCHESS COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**June 30, 2010 and 2009**

**1. Summary of Significant Accounting Policies, continued**

*Fair values of financial instruments, continued*

*Level 3*

Level 3 inputs are unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined by using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

*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 the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Estimates that are particularly susceptible to change, relate to the determination of the allowance for pledges receivable, depreciation and the allocation of functional expenses, among others.

*Cash and cash equivalents*

United Way considers all investments in money market accounts and demand deposits at banks to be cash and cash equivalents.

*Property and equipment*

Property and equipment are recorded at acquisition cost if purchased and at estimated fair value if donated. United Way's policy is to expense the purchase of property and equipment under \$1,000. Buildings, furniture and equipment are being depreciated over estimated useful lives of five to thirty years using a straight-line method. Leasehold improvements are being amortized over the lesser of the life of the lease or life of the improvements using a straight-line method. Depreciation expense amounted to \$65,701 and \$41,116 for the years ended June 30, 2010 and 2009, respectively.

*Income taxes*

United Way is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. It is not classified as a private foundation under Section 170(b)(1)(A)(vi).

*Measure of operations*

In its statement of activities United Way includes in its definition of operations all revenues and expenses that are an integral part of its program and supporting activities. All endowment activity and other items that management considers not an integral part of its program and supporting activities are recognized as non-operating activities. Non-operating investment income is generated from United Way's endowment; operating investment income is generated from interest on cash reserves.

**UNITED WAY OF DUTCHESS COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**June 30, 2010 and 2009**

**1. Summary of Significant Accounting Policies, continued**

*Advertising and marketing costs*

Advertising and marketing costs are expensed when incurred. Amounts incurred for advertising and marketing were \$83,792 and \$202,968 for the years ended June 30, 2010 and 2009, respectively.

*Functional allocation of expenses*

The cost of providing the various programs and the supporting services has been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and the supporting services in reasonable ratios determined by management.

*New accounting pronouncement*

On July 1, 2009, the Financial Accounting Standards Board (FASB) issued FASB Statement of Financial Accounting Standards (SFAS) No. 168, "FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles," which is included in FASB Accounting Standards Codification (ASC) 105 "Generally Accepted Accounting Principles." This new guidance approved the ASC as the single source of authoritative nongovernmental GAAP. The ASC is effective for interim or annual periods ending after September 15, 2009. All existing accounting standards have been superseded and all other accounting literature not included in the ASC will be considered non-authoritative. The ASC is a restructuring of GAAP designed to simplify access to all authoritative literature by providing a topically organized structure. The adoption of ASC did not impact United Way's financial statements. Technical references to GAAP included in these notes to the consolidated financial statements are provided under the new FASB ASC structure.

**2. Cash and Cash Equivalents**

Cash and cash equivalents consisted of the following as of June 30:

	<u>2010</u>	<u>2009</u>
Cash in banks	\$1,095,079	\$ 769,619
Money market accounts	<u>1,282,193</u>	<u>1,296,687</u>
Total cash and cash equivalents	<u>\$2,377,272</u>	<u>\$2,066,306</u>



**UNITED WAY OF DUTCHESS COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**June 30, 2010 and 2009**

**3. Investments and endowment**

United Way owns investments within its quasi endowment (endowment) fund. These investments consist of pooled mutual funds managed and held by the Community Foundation of Dutchess County. The mutual funds consist of marketable debt and equity securities and bonds with readily determinable fair values. United Way has determined the fair value of these investments under ASC 820, *Fair Value Measurements*. These investments are valued at Level 1 inputs. Financial assets based on Level 1 inputs are based on unadjusted quoted market prices within active markets. A portion of these investments are permanently or temporary restricted by donor stipulation and the remainder represents unrestricted amounts. Certain unrestricted amounts have been designated by the board for unspecified purposes.

The following is a summary of United Way's investments as of June 30:

	<u>2010</u>	<u>2009</u>
Domestic equity mutual funds	\$ 726,401	\$ 642,001
International equity mutual funds	310,747	278,494
Fixed income mutual funds	628,673	503,316
Money market mutual funds	<u>4,001</u>	<u>9,482</u>
	<u>\$1,669,823</u>	<u>\$ 1,433,293</u>
	<u>2010</u>	<u>2009</u>
Cost	\$1,769,210	\$ 1,695,869
Net unrealized loss	<u>(99,387)</u>	<u>(262,576)</u>
Fair market value	<u>\$1,669,823</u>	<u>\$ 1,433,293</u>

Expenses relating to investment revenues, include custodial fees and investment advisory fees amounted to \$14,086 and \$12,974 for the years ended June 30, 2010 and 2009, respectively. These expenses are netted against investment revenues in the accompanying statements of activities.

**UNITED WAY OF DUTCHESS COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**June 30, 2010 and 2009**

**3. Investments and endowment, continued**

The following represents the activity by net asset class in the endowment for the year ended June 30, 2010:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Interest and dividends, net of investment expenses	\$ 15,422	\$ 340	\$ -	\$ 15,762
Net realized gains on investments	9,914	-	-	9,914
Net unrealized gains on investments	162,133	4,677	-	166,810
Distributions	(3,519)	-	-	(3,519)
Transfers to endowment	98,035	-	-	98,035
Investment return designated for current operations	(50,472)	-	-	(50,472)
Net assets released from restriction	<u>2,000</u>	<u>(2,000)</u>	<u>-</u>	<u>-</u>
Change in endowment net assets	233,513	3,017	-	236,530
Endowment assets, beginning of year	<u>1,109,456</u>	<u>40,094</u>	<u>283,743</u>	<u>1,433,293</u>
Endowment assets, end of year	<u>\$1,342,969</u>	<u>\$ 43,111</u>	<u>\$283,743</u>	<u>\$1,669,823</u>

The following represents the net asset composition by type of fund for the year ended June 30, 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<i>Donor designated endowment funds:</i>	\$ -	\$ -	\$ 283,743	\$ 283,743
<i>Other endowment funds:</i>				
Undesignated	503,976	-	-	503,976
Board designated endowment funds	838,993	-	-	838,993
Donor advised	<u>-</u>	<u>43,111</u>	<u>-</u>	<u>43,111</u>
Endowment assets, end of year	<u>\$1,342,969</u>	<u>\$ 43,111</u>	<u>\$ 283,743</u>	<u>\$1,669,823</u>

**UNITED WAY OF DUTCHESS COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**June 30, 2010 and 2009**

**3. Investments and endowment, continued**

The following represents the activity by net asset class in the endowment for the year ended June 30, 2009:

	<b>Unrestricted</b>	<b>Temporarily restricted</b>	<b>Permanently restricted</b>	<b>Total</b>
Interest and dividends, net of investment expenses	\$ 29,356	\$ 588	\$ -	\$ 29,944
Net realized gains on investments	5,203	-	-	5,203
Net unrealized losses on investments	(346,268)	(8,914)	-	(355,182)
Contributions	-	-	320	320
Distributions	(28,196)	-	-	(28,196)
Additions from operating funds	1,000	-	-	1,000
Investment return designated for current operations	(43,198)	-	-	(43,198)
Net assets released from restriction	<u>13,331</u>	<u>(13,331)</u>	<u>-</u>	<u>-</u>
Change in endowment net assets	(368,772)	(21,657)	320	(390,109)
Endowment assets, beginning of year	<u>1,478,228</u>	<u>61,751</u>	<u>283,423</u>	<u>1,823,402</u>
Endowment assets, end of year	<u>\$1,109,456</u>	<u>\$ 40,094</u>	<u>\$283,743</u>	<u>\$1,433,293</u>

The following represents the net asset composition by type of fund for the year ended June 30, 2009:

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
<i>Donor designated endowment funds:</i>	\$ -	\$ -	\$283,743	\$ 283,743
<i>Other endowment funds:</i>				
Undesignated	240,117	-	-	240,117
Board designated endowment funds	869,339	-	-	869,339
Donor advised	<u>-</u>	<u>40,094</u>	<u>-</u>	<u>40,094</u>
Endowment assets, end of year	<u>\$1,109,456</u>	<u>\$40,094</u>	<u>\$283,743</u>	<u>\$1,433,293</u>

**4. Pension Plan and Other Post Retirement Benefits**

United Way has a defined contribution pension plan covering substantially all employees. Employees who are age 21 and have completed one year of service are eligible to participate in the plan. United Way's contributions to the plan are equal to 7% of compensation. The amounts are included in staff compensation expense under the retirement caption in the statement of functional expenses and totaled \$9,645 and \$27,628 for the years ended June 30, 2010 and 2009, respectively.

**UNITED WAY OF DUTCHESS COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**June 30, 2010 and 2009**

**5. Operating Leases**

Postage equipment was leased under a 60 month operating lease that began in 2009 and a copier was leased under a 48 month operating lease beginning in 2008. Combined minimum monthly payments are \$597. Lease expense for this equipment amounted to \$7,223 and \$6,547 for the years ended June 30, 2010 and 2009, respectively.

Future minimum rental payments under long-term operating lease agreements are as follows:

Year ending:	June 30, 2011	\$ 7,165
	June 30, 2012	4,294
	June 30, 2013	3,720
	June 30, 2014	<u>1,860</u>
Total		<u>\$17,039</u>

**6. Donated Goods and Services**

During the year ended June 30, 2009, United Way recognized \$1,295 in donated services and promotional items. There were no donated goods or services recognized during the year ended June 30, 2010. These amounts are included in the financial statements as other contributions. In addition, United Way receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the statements of activities because the criteria for recognition under ASC 958-605-25, Accounting for Contributions Received, have not been satisfied.

**7. Current Vulnerability Due to Certain Concentrations**

United Way receives a substantial amount of donations from public support concentrated in Dutchess County, New York. If significant reduction in the level of this support were to occur, it may have an effect on the programs and activities of United Way.

**8. Board Designated Unrestricted Net Assets**

Board designated unrestricted net assets consisted of the following as of June 30:

	<u>2010</u>	<u>2009</u>
Scholarship and memorial funds	\$105,681	\$105,681
Bequest	425,000	425,000
Prior years' endowment earnings	481,200	458,126
Current year's endowment earnings, net of distributions	21,559	23,074
Prior years' board transfer to general operations	(146,233)	(103,035)
Current year's board transfer to general operations	<u>(50,472)</u>	<u>(43,198)</u>
Total board designated unrestricted net assets	<u>\$836,735</u>	<u>\$865,648</u>

During the fiscal years ended June 30, 2010 and 2009, the board of governors approved a \$50,472 and \$43,198 distribution of earnings from the endowment, respectively, to general operations.

**UNITED WAY OF DUTCHESS COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**June 30, 2010 and 2009**

**9. Temporarily Restricted Net Assets**

Amounts were distributed to the following organizations to satisfy donor stipulations:

	<u>2 0 1 0</u>	<u>2 0 0 9</u>
Dutchess Outreach	\$ 1,000	\$ 1,000
Planned Parenthood	1,000	1,000
Community Foundation of Dutchess County	<u>-</u>	<u>11,331</u>
Total distributions made	<u>2,000</u>	<u>13,331</u>

Amounts were expended on the following programs to satisfy donor stipulations:

Earned income tax credit program	81,981	-
Development check-up program	<u>53,021</u>	<u>-</u>
Total program expenditures	<u>135,002</u>	<u>-</u>
Total released from restrictions	<u>\$ 137,002</u>	<u>\$ 13,331</u>

Temporarily restricted net assets were made up of the following purpose restrictions as of June 30:

	<u>2 0 1 0</u>	<u>2 0 0 9</u>
Distributions to non-profit organizations	\$ 43,111	\$ 40,094
Building improvements	56,459	56,459
Planning	15,128	-
Earned income tax credit program	1,343	83,324
Development check-up program	-	53,021
Born learning program	<u>243</u>	<u>243</u>
Total	<u>\$116,284</u>	<u>\$233,141</u>

**10. Permanently Restricted Net Assets**

Income earned on permanently restricted net assets was expended to the following organizations according to donor stipulations:

	<u>2 0 1 0</u>	<u>2 0 0 9</u>
Dutchess Community College	\$ 500	\$ 500
Bardavon	1,019	-
Marist College	-	500
Community Foundation of Dutchess County	<u>-</u>	<u>13,866</u>
Total	<u>\$ 1,519</u>	<u>\$ 14,866</u>

**UNITED WAY OF DUTCHESS COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**June 30, 2010 and 2009**

**11. Concentration of Credit Risk**

United Way maintains its bank accounts with high credit worthy financial institutions with funds, at times, in excess of limits set and insured by the FDIC. United Way's endowment accounts are pooled and maintained with other financial institutions with funds, at times, in excess of limits set and insured by FDIC and SIPC. United Way has not experienced any losses on such accounts. Management believes that the United Way is not exposed to any significant credit risk related to those accounts.

**12. Commitments**

United Way has signed agreements with agencies that it supports. These agreements specify an expected level of funding, but provide that if United Way does not receive expected revenues that the agencies will not receive the specified level of funding. The agreements were based on a calendar year, not on United Way's fiscal year. These amounts are payable monthly from pledge collections that have been received. United Way recognizes the expense when paid rather than when the agreement is signed and executed. The amounts committed and not paid were \$245,131 as of and for the year ended June 30, 2009. In 2010, United Way began making commitments based on its fiscal year and all 2010 and prior commitments have been paid or accrued as of June 30, 2010.

**13. Related Party Transactions**

United Way conducts business with various vendors in Dutchess County. Several of these vendors have principals or employees serving on United Way's board of governors.

Amounts expended to these parties for the years ended June 30, include:

	<u>2010</u>	<u>2009</u>
Insurance	\$ -	\$ 5,250
Information technology services	13,407	5,435
Utilities	11,689	14,589
Advertising	<u>3,910</u>	<u>11,793</u>
Total	<u>\$29,006</u>	<u>\$37,067</u>

**14. Reclassifications**

Certain balances in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. These reclassifications have not had any impact on net assets.

**15. Subsequent Events**

Management has evaluated subsequent events through the date of the independent auditor's report, October 20, 2010, which is the date the financial statements were available for issuance.

## **SUPPLEMENTARY INFORMATION**

UNITED WAY OF DUTCHESS COUNTY, INC.  
SCHEDULE 1 - PROGRAM GRANTS  
Years ended June 30, 2010 and 2009

	2010				2009			
	Community Fund Allocations	Community Impact Programs	Other Grants and Allocations	Total	Community Fund Allocations	Community Impact Programs	Other Grants and Allocations	Total
<b>Program grants</b>								
Abilities First, Inc.	\$ 20,330	\$ -	\$ 150	\$ 20,480	\$ 40,658	\$ -	\$ 3,453	\$ 44,111
American Red Cross, Dutchess County Chapter	-	60,706	5,000	65,706	26,676	35,750	-	62,426
Association for Senior Citizens	-	-	-	-	20,940	-	-	20,940
Astor Home for Children	-	174,601	-	174,601	-	122,323	-	122,323
Child Abuse Prevention Center	-	20,375	-	20,375	4,068	9,700	6,600	20,368
Community Family Development, Inc.	-	-	-	-	-	-	1,937	1,937
Cornell Cooperative	28,462	8,000	-	36,462	56,926	-	-	56,926
Dutchess County Community Action Agency, Inc.	-	-	-	-	(10,002)	-	-	(10,002)
Dutchess County Department of Social Services	6,099	-	-	6,099	18,297	-	-	18,297
Dutchess Outreach, Inc.	-	51,452	-	51,452	27,252	27,052	-	54,304
Family Services, Inc.	-	-	-	-	40,361	-	-	40,361
Grace Smith House, Inc.	-	56,375	-	56,375	38,235	28,500	-	66,735
Literacy Connections of Dutchess County	16,264	2,302	-	18,566	32,530	3,285	-	35,815
Martin Luther King Cultural Center	10,525	-	-	10,525	31,574	-	-	31,574
Mediation Center of Dutchess County	-	-	-	-	10,675	-	-	10,675
Mental Health Association in Dutchess County	-	-	-	-	6,691	-	-	6,691
Mill Street Loft	30,495	-	-	30,495	66,077	-	-	66,077
Northeast Community Center	16,740	47,369	16,000	80,109	39,216	1,500	8,178	48,894
Poughkeepsie Day Nursery	-	-	-	-	-	-	1,388	1,388
Total program grants	\$ 128,915	\$ 421,180	\$ 21,150	\$ 571,245	\$ 450,174	\$ 228,110	\$ 21,556	\$ 699,840



UNITED WAY OF DUTCHESS COUNTY, INC.  
SCHEDULE 1 - PROGRAM GRANTS, continued  
Years ended June 30, 2010 and 2009

	2010				2009			
	Community Fund Allocations	Community Impact Programs	Other Grants and Allocations	Total	Community Fund Allocations	Community Impact Programs	Other Grants and Allocations	Total
<b>Other grant distributions/expenditures</b>								
Bereaved Parents of the USA, MH Chapter	\$ -	\$ 1,000	\$ -	\$ 1,000	\$ -	\$ -	\$ -	\$ -
Catholic Charities Community Services	-	112,571	-	112,571	-	81,364	-	81,364
Community Resource and Services Center	-	17,144	-	17,144	-	-	1,389	1,389
Dutchess Community College Foundation	-	15,486	-	15,486	-	7,500	-	7,500
Dutchess County Community Action Partnership	-	47,333	-	47,333	-	14,750	-	14,750
Dutchess Interfaith Council	-	-	-	-	-	1,550	-	1,550
Eleanor Roosevelt Center at Val-Kill, Inc.	-	-	-	-	-	-	3,453	3,453
Food Bank of the Hudson Valley	-	68,600	-	68,600	-	49,502	-	49,502
Friends of Seniors	-	4,400	-	4,400	-	-	-	-
Gateway to Entrepreneurial Tomorrows, Inc.	-	-	-	-	-	500	-	500
Hands On! The Hudson Valley	-	25,000	-	25,000	-	-	-	-
House of Faith Ministry	-	15,000	-	15,000	-	1,357	-	1,357
Hudson River Housing	-	-	-	-	-	-	1,024	1,024
Hudson Valley Autism Society	-	1,000	-	1,000	-	-	-	-
Institute for Family Health	-	100,000	-	100,000	-	-	-	-
Mid-Hudson Children's Museum	-	-	-	-	-	-	250	250
Pawling Community Resources & Service Center	-	4,048	-	4,048	-	-	-	-
Ryan McElroy Children's Cancer Foundation	-	1,000	-	1,000	-	1,000	-	1,000
Somos La Llave del Futuro, Inc.	-	33,806	-	33,806	-	-	14,001	14,001
United Way of Orange County	-	32,377	-	32,377	-	1,151	-	1,151
United Way of Ulster County	-	-	-	-	-	4,196	-	4,196
United Way of Westchester & Putnam Counties	-	72,000	-	72,000	-	65,000	-	65,000
Vineyard Community Church	-	2,000	-	2,000	-	-	-	-
Total other grant distributions/expenditures	-	552,765	-	552,765	-	227,870	20,117	247,987
<b>Total</b>	<b>\$ 128,915</b>	<b>\$ 973,945</b>	<b>\$ 21,150</b>	<b>\$ 1,124,010</b>	<b>\$ 450,174</b>	<b>\$ 455,980</b>	<b>\$ 41,673</b>	<b>\$ 947,827</b>