

UNITED WAY OF CHITTENDEN COUNTY, INC.

FINANCIAL STATEMENTS

MARCH 31, 2012

UNITED WAY OF CHITTENDEN COUNTY, INC.

MARCH 31, 2012

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Wallace W. Tapia, P.C.

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Independent Auditor's Report

To the Board of Directors
United Way of Chittenden County, Inc.
South Burlington, Vermont

We have audited the accompanying statement of financial position of United Way of Chittenden County, Inc. (a Vermont nonprofit organization) as of March 31, 2012 and the related statements of activities, functional expenses and cash flows for the year then ended. 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 2011 financial statements which were audited by other auditors and, in their report dated July 15, 2011, they expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 Chittenden County, Inc. as of March 31, 2012 and the changes in its net assets and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Wallace W. Tapia, P.C.

Burlington, Vermont
September 17, 2012
Vermont Registration #333

UNITED WAY OF CHITTENDEN COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2012
(With Summarized Information for 2011)

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and cash equivalents	\$ 1,095,862	\$ 1,136,916
Certificate of deposit	55,882	55,056
Prepaid expenses and other assets	50,299	45,725
Pledges, grants and contributions receivable, net of allowance	2,005,789	2,247,852
Due from United Ways of Vermont, Inc.	45,944	11,361
Investments and endowments	2,190,753	1,931,854
Beneficial interest in assets held by others	38,388	39,111
Property and equipment, net of accumulated depreciation	<u>739,240</u>	<u>770,765</u>
TOTAL ASSETS	<u>\$ 6,222,157</u>	<u>\$ 6,238,640</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Allocations and designations payable	\$ 434,327	\$ 609,429
Accounts payable and accrued expenses	51,862	41,716
Accrued payroll-related liabilities	128,778	110,442
Deferred program service revenue	9,978	-
Total Liabilities	<u>624,945</u>	<u>761,587</u>
Net Assets:		
Unrestricted:		
Operating	1,463,397	1,346,955
Board-designated	15,043	15,043
Temporarily restricted	3,767,350	3,764,910
Permanently restricted	<u>351,422</u>	<u>350,145</u>
Total Net Assets	<u>5,597,212</u>	<u>5,477,053</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,222,157</u>	<u>\$ 6,238,640</u>

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

UNITED WAY OF CHITTENDEN COUNTY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2012
(With Summarized Information for 2011)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2012 Total</u>	<u>2011 Total</u>
SUPPORT AND REVENUE:					
Gross campaign results - additional prior year contributions	\$ 53,903	\$ -	\$ -	\$ 53,903	\$ 4,166
Gross campaign results in prior year - released from restriction	3,673,188	(3,673,188)	-	-	-
Total campaign results	3,727,091	(3,673,188)	-	53,903	4,166
Less donor designations	(539,415)	539,415	-	-	-
Net campaign revenue - prior year	3,187,676	(3,133,773)	-	53,903	4,166
Gross campaign results - current year	-	3,660,708	-	3,660,708	3,902,676
Less current year donor designations	-	(391,688)	-	(391,688)	(550,903)
Campaign revenue - current year	-	3,269,020	-	3,269,020	3,351,773
Less current year designations released from restriction	-	(7,500)	-	(7,500)	(28,000)
Less provision for uncollectible pledges	-	(187,500)	-	(187,500)	(190,000)
Net campaign revenue - current year	-	3,074,020	-	3,074,020	3,133,773
"The Gretchen Fund" contributions	-	220,411	-	220,411	257,508
Designations from other United Ways	13,217	-	-	13,217	12,876
Donated goods and services	65,807	-	-	65,807	71,666
Other grants and contributions	75,174	352,358	2,000	429,532	789,091
Consulting and other program service revenue	134,481	-	-	134,481	117,613
Net investment income	63,604	22,677	-	86,281	136,719
Change in beneficial interest in assets held by others	-	-	1,075	1,075	7,028
Other income	44,320	-	-	44,320	65,793
Non-campaign net assets released from restrictions:				-	
Satisfaction of program restrictions	533,253	(533,253)	-	-	-
Distributions from beneficial interest in assets held by others	1,798	-	(1,798)	-	-
TOTAL SUPPORT AND REVENUE (to Page 4)	4,119,330	2,440	1,277	4,123,047	4,596,233

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

UNITED WAY OF CHITTENDEN COUNTY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2012
(With Summarized Information for 2011)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2012 Total</u>	<u>2011 Total</u>
SUPPORT AND REVENUE (from Page 3)	\$ 4,119,330	\$ 2,440	\$ 1,277	\$ 4,123,047	\$ 4,596,233
EXPENSES:					
Program services:					
Gross funds awarded / distributed	2,566,504	-	-	2,566,504	2,589,171
Less donor designations	<u>(539,415)</u>	-	-	<u>(539,415)</u>	<u>(589,077)</u>
Net funds awarded / distributed	2,027,089	-	-	2,027,089	2,000,094
Allocation services	426,168	-	-	426,168	380,728
Volunteer mobilization	581,745	-	-	581,745	582,701
Strategic initiatives	<u>91,836</u>	-	-	<u>91,836</u>	<u>87,201</u>
Total program service expenses	<u>3,126,838</u>	-	-	<u>3,126,838</u>	<u>3,050,724</u>
Supporting services:					
Management and general	278,640	-	-	278,640	268,431
Fundraising	558,136	-	-	558,136	539,132
Unallocated dues to United Way Worldwide	<u>39,274</u>	-	-	<u>39,274</u>	<u>39,543</u>
Total supporting service expenses	<u>876,050</u>	-	-	<u>876,050</u>	<u>847,106</u>
TOTAL EXPENSES	<u>4,002,888</u>	-	-	<u>4,002,888</u>	<u>3,897,830</u>
CHANGE IN NET ASSETS	116,442	2,440	1,277	120,159	698,403
NET ASSETS, beginning of year	<u>1,361,998</u>	<u>3,764,910</u>	<u>350,145</u>	<u>5,477,053</u>	<u>4,778,650</u>
NET ASSETS, end of year	<u>\$ 1,478,440</u>	<u>\$ 3,767,350</u>	<u>\$ 351,422</u>	<u>\$ 5,597,212</u>	<u>\$ 5,477,053</u>

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

UNITED WAY OF CHITTENDEN COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2012
(With Summarized Information for 2011)

	Program Services				Supporting Services			2012 TOTAL	2011 TOTAL
	Allocation Services	Volunteer Mobilization	Strategic Initiatives	TOTAL	Management & General	Fundraising	UWW Dues		
Campaign allocations and awards	\$ 2,479,415	\$ -	\$ -	\$ 2,479,415	\$ -	\$ -	\$ -	\$ 2,479,415	\$ 2,463,328
Special projects grants	81,089	6,000	-	87,089	-	-	-	87,089	131,843
Less donor designations	(539,415)	-	-	(539,415)	-	-	-	(539,415)	(589,077)
Sub-total	<u>2,021,089</u>	<u>6,000</u>	<u>-</u>	<u>2,027,089</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,027,089</u>	<u>2,006,094</u>
Salaries and wages	237,110	260,460	65,842	563,412	195,018	295,195	-	490,213	1,031,192
Payroll taxes and benefits	57,953	65,982	16,092	140,027	47,665	72,150	-	119,815	227,074
	295,063	326,442	81,934	703,439	242,683	367,345	-	610,028	1,313,467
Stipends	525	89,614	-	90,139	-	-	-	90,139	94,254
Volunteer expenses	-	54,895	-	54,895	-	-	-	54,895	52,496
Occupancy costs	3,716	9,213	2,562	15,491	1,100	6,074	-	7,174	19,980
Travel, conferences and meetings	13,720	7,167	1,602	22,489	2,332	13,813	-	16,145	38,634
Public relations and printing	681	29,930	-	30,611	186	77,485	-	77,671	114,902
Miscellaneous	11,648	4,774	-	16,422	6,002	6,625	-	12,627	20,274
Postage	416	5,870	23	6,309	329	3,929	-	4,258	19,208
Equipment repair and maintenance	5,192	8,572	478	14,242	923	6,878	-	7,801	20,843
Telephone & internet	4,170	6,794	658	11,622	1,168	5,775	-	6,943	12,773
Supplies	15,382	5,438	289	21,109	1,807	9,646	-	11,453	30,788
Contracted services	64,273	17,761	2,231	84,265	14,642	38,804	-	53,446	95,123
Dues and subscriptions	869	450	-	1,319	634	1,796	-	2,430	4,512
Insurance	2,170	3,446	563	6,179	3,821	3,239	-	7,060	11,640
Depreciation	8,343	11,379	1,496	21,218	3,013	16,727	-	19,740	50,670
Sub-total	<u>426,168</u>	<u>581,745</u>	<u>91,836</u>	<u>1,099,749</u>	<u>278,640</u>	<u>558,136</u>	<u>-</u>	<u>836,776</u>	<u>1,936,525</u>
United Way Worldwide dues	-	-	-	-	-	-	39,274	39,274	39,543
	<u>\$ 2,447,257</u>	<u>\$ 587,745</u>	<u>\$ 91,836</u>	<u>\$ 3,126,838</u>	<u>\$ 278,640</u>	<u>\$ 558,136</u>	<u>\$ 39,274</u>	<u>\$ 876,050</u>	<u>\$ 3,897,830</u>

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

UNITED WAY OF CHITTENDEN COUNTY, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2012
(With Summarized Information for 2011)

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 120,159	\$ 698,403
Adjustments to reconcile change in net assets to net cash from operating activities:		
Permanently restricted contributions	(2,000)	(44,485)
Depreciation	40,958	50,670
Realized and unrealized (gains) losses on investments	50,577	(101,837)
Change in beneficial interest in assets held by others	1,075	(7,082)
Retained interest on certificate of deposit	(826)	-
Loss on disposal of property and equipment	-	1,762
(Increase) decrease in operating assets:		
Prepaid expenses and other assets	(4,574)	(30,575)
Pledges, grants and contributions receivable	242,063	(210,779)
Due from United Ways of Vermont, Inc.	(34,583)	(11,361)
Increase (decrease) in operating liabilities:		
Allocations and designations payable	(175,102)	(10,241)
Accounts payable and accrued expenses	10,146	8,592
Accrued payroll-related liabilities	18,336	6,625
Deferred program service revenue	9,978	-
Due to United Ways of Vermont, Inc.	-	(136,472)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>276,207</u>	<u>213,220</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(976,889)	(845,369)
Sales of investments	667,061	916,138
Purchase of property and equipment	(9,433)	(13,000)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(319,261)</u>	<u>57,769</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Permanently restricted contributions received	2,000	44,485
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>2,000</u>	<u>44,485</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(41,054)	315,474
CASH AND CASH EQUIVALENTS:		
Beginning of year	1,136,916	821,442
End of year	\$ <u>1,095,862</u>	\$ <u>1,136,916</u>

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

UNITED WAY OF CHITTENDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012

NOTE 1 – NATURE OF ACTIVITIES & SIGNIFICANT ACCOUNTING POLICIES

Founded in 1942 and incorporated in Vermont in 1971, United Way of Chittenden County, Inc. (“UWCC” or “the Organization”) advances the common good by creating opportunities for a better life for all, focusing on Education, Income and Health – the building blocks of a better quality of life. UWCC fulfills its mission of “building a stronger Chittenden County by mobilizing our community to improve people’s lives” by:

- conducting a nearly \$4 million annual community fundraising campaign which provides for the investment in a portfolio of high quality local health and human services programs all working toward pre-determined community goals in Education, Income and Health and serving children, families and individuals throughout Chittenden County;
- convening local collaborations with other nonprofits, businesses, faith-based organizations, health care providers, law enforcement agencies and whoever needs to be “at the table” to look at root causes of community issues in order to find sustainable solutions;
- recruiting thousands of individuals and organizations to volunteer annually to strengthen the capacity of nonprofit agencies to achieve their missions; and
- recruiting and training volunteers 55 years and older to work in day care centers and schools to support children and young people to achieve their greatest potential in formal learning environments.

The Organization’s support comes primarily from contributions from individuals, businesses and foundations during its annual campaign with additional support from non-campaign grants and contributions, program-related fee for service work and investment income.

Financial Statement Presentation:

UWCC reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending upon the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted contributions whose restrictions are met in the same period are shown as increases in temporarily restricted net assets with a corresponding transfer to unrestricted net assets. The transfer of assets with donor-imposed conditions is accounted for as a refundable advance, instead of as a contribution, until the conditions have been substantially met.

UNITED WAY OF CHITTENDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012

NOTE 1 –NATURE OF ACTIVITIES & SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassification:

Portions of the 2011 financial statements have been reclassified to conform to the 2012 financial statement presentation.

Cash and cash equivalents:

UWCC has elected to treat all cash accounts, checking, savings, money market, and other cash funds purchased with an original maturity of three months or less as cash and cash equivalents (except for money funds held in separate investment accounts).

Use of estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Promises to Give:

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Those expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts, if material, are computed using estimated market interest rates applicable to the years in which the promises are received. Any amortization of these discounts would be reflected in contribution revenue. Conditional promises to give are not recorded until the conditions are met.

Fair Value Measurements:

Recent changes in generally accepted accounting principles for fair value measurements re-emphasize a market-based approach to fair market value and require expanded disclosures about valuation techniques used in the preparation of financial statements. The new framework establishes a hierarchy that prioritizes the inputs used in measuring fair value (with Level I given the highest priority and Level III the lowest):

- Level I inputs are quoted prices available in active markets.
- Level II inputs are other than quoted prices in active markets which are “observable” as of the reporting date (such as published life expectancy tables used for valuing an annuity).
- Level III measurements use “significant unobservable inputs” and include net present value calculations of estimated future cash flows.

UNITED WAY OF CHITTENDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012

NOTE 1 –NATURE OF ACTIVITIES & SIGNIFICANT ACCOUNTING POLICIES (continued)

Comparative Financial Information:

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 U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended March 31, 2011, from which the summarized information was derived.

Functional Allocation of Expenses:

The costs of providing the various programs have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Description of Programs:

A description of the major programs included in these financial statements is as follows:

Allocation Services:

Through a multi-step process, a diverse group, which includes volunteers and board members, evaluates applications from local nonprofit agencies and makes funding decisions that help achieve community-determined priorities. UWCC awarded nearly \$2,000,000 in “agency allocations” for 2011 and 2012 – funded through the undesignated portion of the Organization’s annual community campaign. UWCC also distributes donor-designated funds to both member and qualified non-member agencies based on amounts actually collected. No campaign or administrative costs are charged to designated funds – 100% of amounts collected are distributed.

Volunteer Mobilization:

UWCC’s “Volunteer Mobilization” activities promote and support more effective volunteering, assist organizations in managing volunteers more effectively, recruit and refer individuals to satisfy volunteer opportunities, and provide volunteer management assistance, consultation, and training to nonprofit organizations. In addition to its referral and educational services, UWCC conducts two, major “55+” volunteer programs funded in large part by federal and state grants – the “Retired and Senior Volunteer Program (“RSVP”) of Chittenden County” and the “Foster Grandparent Program (“FGP”)”:

RSVP:

- **School Buddies** help school-age children who teachers have identified as not meeting current academic standards in reading, math, spelling or other academic areas.
- **Read To Me Volunteers** share the wonder of books with children in nonprofit child care centers and preschools, one child, a small group or the whole.

UNITED WAY OF CHITTENDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012

NOTE 1 – NATURE OF ACTIVITIES & SIGNIFICANT ACCOUNTING POLICIES (continued)

Description of Programs (continued):

FGP:

- **Foster Grandparent Program:** FGP volunteers share their warmth and encouragement with children by helping teachers in a classroom setting 15 or more hours per week. FGP serves children in Chittenden, Franklin, Grand Isle and Washington Counties. Volunteers receive a tax-free stipend that does not affect other benefits.

Strategic Initiatives:

UWCC's strategic initiatives are activities that develop, promote and implement strategies to address specific community problems and conditions that require more than one organization. Examples include Chittenden County Truancy Project, Burlington Community Street Outreach Project, Working Bridges Program, and Earned Income Tax Credit Program.

NOTE 2 - INCOME TAXES

UWCC is exempt from federal income tax (on activities related to its tax-exempt purpose) as an organization described in Section 501(c)(3) of the Internal Revenue Code, and is classified as a publicly supported organization under Section 509(a)(1). Contributions to UWCC qualify for the charitable contribution deduction under Internal Revenue Code Section 170(b)(1)(A).

The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any "uncertain tax positions" that are material to the financial statements.

NOTE 3 – CONCENTRATION OF CASH ON DEPOSIT

The Organization has concentrated its credit risk by maintaining deposits in financial institutions that, at times, exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Organization has not experienced any losses in such accounts and believes it is not exposed to any unreasonable credit risk with respect to its cash concentrations.

NOTE 4 – RETIREMENT PLAN

The Organization sponsors a 403 (b) Thrift Plan that covers substantially all employees. There are no minimum age or service requirements for employees to make contributions to the plan. For employees who work more than 1,000 hours per year and have completed one year of service, the Organization makes an "employer base contribution" of 3% of total compensation. For employees making their own salary deferral contributions, UWCC also makes a matching contribution up to an additional 3% of compensation. Employer contributions to the plan were \$53,957 and \$53,690 for the years ended March 31, 2012 and 2011, respectively.

UNITED WAY OF CHITTENDEN COUNTY, INC.
 NOTES TO FINANCIAL STATEMENTS
 MARCH 31, 2012

NOTE 5- PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at March 31:

	2012	2011
Building and improvements	\$ 867,095	\$ 867,095
Office equipment and computers	188,877	186,973
Website	15,529	8,000
Subtotal	1,071,501	1,062,068
Less - accumulated depreciation	(332,261)	(291,303)
Property and equipment, net of accumulated depreciation	\$ 739,240	\$ 770,765

Additions to equipment are recorded at cost when purchased and at market value when donated. Depreciation, amounting to \$40,958 and \$50,670 for the years ended March 31, 2012 and 2011, respectively, is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Building and improvements	5 - 30 years
Office equipment and computers	3-5 years
Website	3-5 years

NOTE 6 – IN-KIND CONTRIBUTIONS (DONATED GOODS AND SERVICES)

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals with those skills and would otherwise be purchased by the Organization. The value of donated goods and services included as contributions in the financial statements and the corresponding expenses benefited for the years ended March 31st are as follows:

	Program Services	General & Administrative	Fundraising	2012 TOTAL	2011 TOTAL
Public relations and printing	\$ 6,723	\$ -	\$ 29,442	\$ 36,165	\$ 43,266
Volunteer expenses	22,114	-	-	22,114	24,625
Occupancy costs	2,700	-	-	2,700	2,700
Contracted services	3,370	-	-	3,370	-
Miscellaneous	1,458	-	-	1,458	1,075
Total in-kind contributions	\$ 36,365	\$ -	\$ 29,442	\$ 65,807	\$ 71,666

In addition to the amounts shown above, the Organization receives thousands of hours of donated time benefiting program and supporting services that was not recorded in the financial statements because the services do not meet the criteria for recognition under U.S. generally accepted accounting principles.

UNITED WAY OF CHITTENDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012

NOTE 7 – PLEDGES, GRANTS AND CONTRIBUTIONS RECEIVABLE

Included in grants and contributions receivable are the following unrestricted and temporarily restricted, unconditional promises to give as of March 31:

	<u>2012</u>	<u>2011</u>
Unrestricted		
Prior year campaign pledges receivable	\$ 39,840	\$ -
Temporarily restricted:		
Current year campaign pledges receivable	1,888,335	2,219,620
Less allowance for uncollectible pledges	<u>(187,500)</u>	<u>(190,000)</u>
Net current year pledges receivable	1,700,835	2,029,620
Other temporarily restricted:		
For special initiatives through "The Gretchen Fund"	191,913	127,056
For the Foster Grandparent and RSVP programs	17,904	29,799
For the Working Bridges program	<u>71,797</u>	<u>106,377</u>
	<u>1,982,449</u>	<u>2,292,852</u>
Total unconditional promises to give	\$ <u>2,022,289</u>	\$ <u>2,292,852</u>
Receivable in less than one year	\$ 1,887,950	\$ 2,132,116
Receivable in one to five years	<u>134,339</u>	<u>160,736</u>
Total unconditional promises to give	2,022,289	2,292,852
Less discounts to net present value	-	-
Less other allowance for uncollectible promises	<u>(16,500)</u>	<u>(45,000)</u>
Net unconditional promises to give	\$ <u>2,005,789</u>	\$ <u>2,247,852</u>

Each year, based on prior experience, UWCC estimates an amount of current year campaign pledges that will not be collected – almost always due to employee turnover at participating employers. Actual pledges receivable written off were approximately \$200,000 and \$177,000 for the fiscal years ended March 31, 2012 and 2011, respectively.

There were no material conditional promises to give at March 31, 2012 or 2011. Conditional promises to give are not recorded until the conditions are substantially fulfilled.

UNITED WAY OF CHITTENDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012

NOTE 8 – INVESTMENTS AND ENDOWMENTS

UWCC maintains four separate investment accounts – two for unrestricted funds, one for temporarily restricted funds received for “The Gretchen Fund” (named in honor of the Organization’s long-time and recently retired executive director and restricted to special “sustainable community projects”) and the last for permanently restricted funds received over a number of years.

Interpretation of Relevant Law:

UWCC interprets state law (under the *Uniform Prudent Management of Institutional Funds Act* – “UPMIFA”) to require the preservation of the fair value of the original gift as of the gift date of its permanently restricted endowment fund absent explicit donor stipulations to the contrary. Retained appreciation of the permanently restricted fund, if any, in excess of historical cost, is shown as temporarily restricted net assets until *appropriated* by management for operations.

Return Objectives, Risk Parameters and Investment Strategies:

UWCC has adopted investment and spending policies for unrestricted investment and permanently restricted endowment assets with the “goal of preserving the principal of the funds which requires sufficient income generation and asset appreciation (total return) to exceed the rate of inflation which will help UWCC meet current and future community needs.” To satisfy its long-term rate of return objectives for its invested funds, the Organization relies on a total return strategy in which returns are achieved through a combination of capital appreciation (realized and unrealized capital gains) and current yield (interest and dividends). For both unrestricted and permanently restricted investment accounts, the Organization targets a diversified asset allocation currently balanced between fixed-income and equity-based investments (with target equity allocations of 40% - 55% for the unrestricted funds and 50% - 65% for the endowment funds) to achieve its long-term return objectives within prudent risk constraints. Funds in the temporarily restricted “Gretchen Fund” are in short-term money market funds.

Spending Policy and its Relation to Investment Strategies and Objectives:

For all of its unrestricted and permanently restricted invested funds, the Organization’s spending policy is to transfer no more than 5% of the average market value of the investments over the prior three years – though, except for small distributions used to pay certain investment-related liabilities, UWCC has not made any distributions from its investment funds for a number of years. Over the long-term, UWCC expects its unrestricted and permanently restricted funds to grow by an amount that exceeds the overall rate of inflation – an amount that will protect the purchasing power of the investment and endowment assets held in perpetuity.

UNITED WAY OF CHITTENDEN COUNTY, INC.
 NOTES TO FINANCIAL STATEMENTS
 MARCH 31, 2012

NOTE 8 – INVESTMENTS AND ENDOWMENTS (continued)

UWCC values its investments in marketable securities with readily determinable fair values and all investments in debt securities at fair market value (all determined by “Level 1” inputs by reference to quoted market prices) in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets.

The cost, fair market value, and unrealized appreciation (depreciation) of the Organization’s investments, by investment class, are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized (Depreciation) Appreciation</u>
As of March 31, 2012:			
Money funds	\$ 386,430	\$ 386,430	\$ -
Bonds & fixed-income mutual funds	826,919	846,454	19,535
Equities & equity mutual funds	812,221	957,869	145,648
	<u>\$ 2,025,570</u>	<u>\$ 2,190,753</u>	<u>\$ 165,183</u>
As of March 31, 2011:			
Money funds	\$ 206,252	\$ 206,252	\$ -
Bonds & fixed-income mutual funds	801,844	801,089	(755)
Equities & equity mutual funds	796,553	924,513	127,960
	<u>\$ 1,804,649</u>	<u>\$ 1,931,854</u>	<u>\$ 127,205</u>

The fair market value of UWCC’s investment and endowment funds, by investment class, is summarized as follows (“UR” is unrestricted, “TR” is temporarily restricted and “PR” is permanently restricted):

	<u>UR Operating Funds</u>	<u>TR Gretchen Fund</u>	<u>PR Endowment Fund</u>	<u>Total</u>
As of March 31, 2012:				
Money funds	\$ 79,249	\$ 287,922	\$ 19,259	\$ 386,430
Bonds & fixed-income mutual funds	683,421	-	163,033	846,454
Equities & equity mutual funds	739,601	-	218,268	957,869
	<u>\$ 1,502,271</u>	<u>\$ 287,922</u>	<u>\$ 400,560</u>	<u>\$ 2,190,753</u>
As of March 31, 2011:				
Money funds	\$ 62,934	\$ 130,452	\$ 12,866	\$ 206,252
Bonds & fixed-income mutual funds	644,085	-	157,004	801,089
Equities & equity mutual funds	718,493	-	206,020	924,513
	<u>\$ 1,425,512</u>	<u>\$ 130,452</u>	<u>\$ 375,890</u>	<u>\$ 1,931,854</u>

UNITED WAY OF CHITTENDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012

NOTE 8 – INVESTMENTS AND ENDOWMENTS (continued)

A reconciliation of the beginning and ending balances of the Organization’s investment and endowment funds, including the components of investment income for the years ended March 31, 2011 and 2012, by net asset class is summarized as follows:

	UR	TR	Endowment Fund		Total
	Operating Funds	The Gretchen Fund	TR Appreciation	PR Corpus	
Value of Invested Funds 4/1/10:	\$ 1,597,701	\$ -	\$ 34,875	\$ 300,810	\$ 1,933,386
New contributions	135,952	130,444	-	10,224	276,620
Interest and dividends	40,268	8	8,022	-	48,298
Realized gains / (losses)	52,820	-	9,261	-	62,081
Unrealized gain / (loss)	24,348	-	15,176	-	39,524
Investment fees	(10,706)	-	(2,478)	-	(13,184)
Net investment income (loss)	106,730	8	29,981	-	136,719
Appropriated for operations	(364,871)	-	-	-	(364,871)
Non-operating transfers in (out)	(50,000)	-	-	-	(50,000)
Net transfers in (out)	(414,871)	-	-	-	(414,871)
Value of Invested Funds 3/31/11:	1,425,512	130,452	64,856	311,034	1,931,854
New contributions	-	157,463	-	2,000	159,463
Interest and dividends	38,965	40	9,771	-	48,776
Realized gains / (losses)	14,041	(33)	(610)	-	13,398
Unrealized gain / (loss)	20,944	-	16,235	-	37,179
Investment fees	(10,346)	-	(2,726)	-	(13,072)
Net investment income (loss)	63,604	7	22,670	-	86,281
Appropriated for operations	-	-	-	-	-
Non-operating transfers in (out)	13,155	-	-	-	13,155
Net transfers in (out)	13,155	-	-	-	13,155
Value of Invested Funds 3/31/12:	\$ 1,502,271	\$ 287,922	\$ 87,526	\$ 313,034	\$ 2,190,753

The \$87,526 in temporarily restricted net assets at March 31, 2012 represents the cumulative unappropriated appreciation in the endowment fund whose fair value exceeds the amount that must be retained.

UNITED WAY OF CHITTENDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012

NOTE 9 – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

In 1988, the Organization transferred approximately \$24,300 to the Vermont Community Foundation for the establishment of a fund to benefit the Organization. Income earned by the fund (i.e. the allocable amount of earnings from the Foundation's common pooled fund) is generally distributable to the Organization (at the direction of the Organization) on an annual basis. UWCC, however, has granted variance power to the Foundation which means that the Board of Trustees of the Foundation has the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization if, in the sole judgment of the Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served.

Because the fund was established in conjunction with a specific donor who contributed the \$24,300 to UWCC and, the Organization believes, intended for the fund to remain at the Foundation in perpetuity, the Organization considers the entire balance, as adjusted by market changes and distributions, to be permanently restricted.

NOTE 10 – AFFILIATIONS

United Ways of Vermont, Inc.:

The Organization acts as the fiscal agent for United Ways of Vermont, Inc. ("UWsVT") – a non-profit, membership organization whose members are the nine United Ways operating in Vermont including UWCC. UWsVT coordinates fundraising, training and education, and planning for its members and runs the State's "Vermont 2-1-1" phone system – a streamlined and confidential health and human services information and referral system serving all Vermont residents twenty four hours a day, seven days a week.

UWCC collects funds and pays expenses on behalf of UWsVT and all of the individuals providing program services to UWsVT are employees of UWCC. UWsVT pays a fee to UWCC for the administrative services performed (\$24,686 and \$21,910 for the fiscal years ended March 31, 2012 and 2011, respectively). Due to the timing of the administrative and reimbursement process, there is always a balance due from or payable to United Ways of Vermont, Inc. (\$45,944 and \$11,361 due from UWsVT as of March 31, 2012 and 2011, respectively).

UWsVT collects membership fees based on a percentage of the members' campaign receipts. UWCC paid membership fees to UWsVT of \$53,876 and \$53,314 for the fiscal years ended March 31, 2012 and 2011, respectively.

United Way Worldwide:

Under an annual agreement with United Way Worldwide ("UWW"), UWCC is bound to certain governance, financial reporting and operational standards and is subject to periodic monitoring by UWW. UWCC also must remit annual dues of 1% of gross campaign receipts reported under UWW reporting standards (\$39,274 and \$39,543 for the fiscal years ended March 31, 2012 and 2011, respectively).

UNITED WAY OF CHITTENDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2012

NOTE 11 – NET ASSETS

Net assets are composed of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
As of March 31, 2012:				
Current year campaign & out of area receipts	\$ -	\$ 3,074,020	\$ -	\$ 3,074,020
Endowment fund	-	87,526	313,034	400,560
Beneficial interest in assets held by others	-	-	38,388	38,388
The Gretchen Fund (special initiatives)				
In investments	-	287,922	-	287,922
In receivables	-	191,913	-	191,913
Restricted for program activities:				
For the Working Bridges program	-	96,851	-	96,851
For Volunteer Connection programs	-	27,141	-	27,141
For other programs	-	1,977	-	1,977
Board designated - Volunteer Connection	15,043	-	-	15,043
Investment in property & equipment	739,240	-	-	739,240
Other unrestricted	724,157	-	-	724,157
	<u>\$ 1,478,440</u>	<u>\$ 3,767,350</u>	<u>\$ 351,422</u>	<u>\$ 5,597,212</u>

As of March 31, 2011:

Current year campaign & out of area receipts	\$ -	\$ 3,133,773	\$ -	\$ 3,133,773
Endowment fund	-	64,856	311,034	375,890
Beneficial interest in assets held by others	-	-	39,111	39,111
The Gretchen Fund (special initiatives)				
In investments	-	130,452	-	130,452
In receivables	-	127,056	-	127,056
Restricted for program activities:				
For the Working Bridges program	-	215,341	-	215,341
For Volunteer Connection programs	-	36,647	-	36,647
For other programs	-	56,785	-	56,785
Board designated - Volunteer Connection	15,043	-	-	15,043
Investment in property & equipment	770,765	-	-	770,765
Other unrestricted	576,190	-	-	576,190
	<u>\$ 1,361,998</u>	<u>\$ 3,764,910</u>	<u>\$ 350,145</u>	<u>\$ 5,477,053</u>

NOTE 12 - SUBSEQUENT EVENTS AND REPORT ISSUANCE DATE

Management has evaluated “events” subsequent to March 31, 2012 through September 17, 2012 (the date these financial statements were available to be issued) for potential recognition or disclosure as required under U.S. generally accepted accounting principles.