

UNITED WAY OF CHITTENDEN COUNTY, INC.

FINANCIAL STATEMENTS

MARCH 31, 2013

UNITED WAY OF CHITTENDEN COUNTY, INC.

MARCH 31, 2013

TABLE OF CONTENTS

Independent Auditor's Report.....	1 - 2
Statement of Financial Position	3
Statement of Activities.....	4 - 5
Statement of Functional Expenses	6
Statement of Cash Flows.....	7
Notes to Financial Statements	8 - 19

Wallace W. Tapia, P.C.

Certified Public Accountants

131 Main Street, 8th Floor · PO Box 5777 · Burlington, VT 05402-5777
(802) 863-6370 · Toll free in Vermont (800) 750-4789 · Fax (802) 865-0392

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, 2013 and the related statements of activities, functional expenses and cash flows for the year then ended. The prior year summarized comparative information has been derived from the Organization's 2012 financial statements and, in our report dated September 17, 2012, we expressed an unmodified opinion on those financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2013 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 H. Tapia, P. C.

Burlington, Vermont
September 16, 2013
Vermont Registration #333

UNITED WAY OF CHITTENDEN COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2013
(With Summarized Information for 2012)

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 897,857	\$ 1,095,862
Certificate of deposit	55,883	55,882
Prepaid expenses and other assets	70,435	50,299
Pledges, grants and contributions receivable, net of allowance	1,951,119	2,005,789
Due from United Ways of Vermont, Inc.	-	45,944
Investments and endowments	2,661,920	2,190,753
Beneficial interest in assets held by others	39,518	38,388
Property and equipment, net of accumulated depreciation	<u>709,345</u>	<u>739,240</u>
TOTAL ASSETS	\$ <u>6,386,077</u>	\$ <u>6,222,157</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Allocations and designations payable	\$ 551,636	\$ 434,327
Accounts payable and accrued expenses	31,788	51,862
Accrued payroll-related liabilities	143,943	128,778
Deferred program service revenue	17,500	9,978
Due to United Ways of Vermont, Inc.	<u>875</u>	<u>-</u>
Total Liabilities	<u>745,742</u>	<u>624,945</u>
Net Assets:		
Unrestricted:		
Operating	1,456,111	1,463,397
Board-designated	14,165	15,043
Temporarily restricted	3,817,507	3,767,350
Permanently restricted	<u>352,552</u>	<u>351,422</u>
Total Net Assets	<u>5,640,335</u>	<u>5,597,212</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>6,386,077</u>	\$ <u>6,222,157</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, 2013
(With Summarized Information for 2012)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2013 Total</u>	<u>2012 Total</u>
SUPPORT AND REVENUE:					
Gross campaign results - additional prior year contributions	\$ 114,229	\$ -	\$ -	\$ 114,229	\$ 53,903
Gross campaign results in prior year - released from restriction	3,528,979	(3,528,979)	-	-	-
Total campaign results	3,643,208	(3,528,979)	-	114,229	53,903
Less donor designations	(454,959)	454,959	-	-	-
Net campaign revenue - prior year	3,188,249	(3,074,020)	-	114,229	53,903
Gross campaign results - current and subsequent years	-	3,798,986	-	3,798,986	3,660,708
Less current year donor designations	-	(550,856)	-	(550,856)	(391,688)
Campaign revenue - current and subsequent years	-	3,248,130	-	3,248,130	3,269,020
Less current year designations released from restriction	-	(23,500)	-	(23,500)	(7,500)
Less provision for uncollectible pledges	-	(192,800)	-	(192,800)	(187,500)
Net campaign revenue - current and subsequent years	-	3,031,830	-	3,031,830	3,074,020
"The Gretchen Fund" contributions	-	-	-	-	220,411
Designations from other United Ways	11,000	-	-	11,000	13,217
Donated goods and services	77,282	-	-	77,282	65,807
Other grants and contributions	66,221	547,007	-	613,228	429,532
Consulting and other program service revenue	113,433	-	-	113,433	134,481
Net investment income	121,085	37,625	-	158,710	86,281
Net change in beneficial interest in assets held by others	-	-	1,130	1,130	1,075
Other income	28,937	-	-	28,937	44,320
Non-campaign net assets released from restrictions:					
Satisfaction of program restrictions	492,285	(492,285)	-	-	-
TOTAL SUPPORT AND REVENUE (to Page 5)	4,098,492	50,157	1,130	4,149,779	4,123,047

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, 2013
(With Summarized Information for 2012)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2013 Total	2012 Total
SUPPORT AND REVENUE (from Page 4)	\$ 4,098,492	\$ 50,157	\$ 1,130	\$ 4,149,779	\$ 4,123,047
EXPENSES:					
Program services:					
Gross funds awarded / distributed	2,547,399	-	-	2,547,399	2,566,504
Less donor designations	(454,959)	-	-	(454,959)	(539,415)
Net funds awarded / distributed	2,092,440	-	-	2,092,440	2,027,089
Community impact and volunteer mobilization	1,100,793	-	-	1,100,793	1,120,750
Total program service expenses	3,193,233	-	-	3,193,233	3,147,839
Supporting services:					
Management and general	331,012	-	-	331,012	285,910
Fundraising	582,411	-	-	582,411	569,139
Total supporting service expenses	913,423	-	-	913,423	855,049
TOTAL EXPENSES	4,106,656	-	-	4,106,656	4,002,888
CHANGE IN NET ASSETS	(8,164)	50,157	1,130	43,123	120,159
NET ASSETS, beginning of year	1,478,440	3,767,350	351,422	5,597,212	5,477,053
NET ASSETS, end of year	\$ 1,470,276	\$ 3,817,507	\$ 352,552	\$ 5,640,335	\$ 5,597,212

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, 2013
(With Summarized Information for 2012)

	Program Services			Supporting Services			2013 TOTAL	2012 TOTAL
	Community Investments	Community Impact & Volunteer Mobilization	TOTAL	Management & General	Fundraising	TOTAL		
Campaign allocations and awards	\$ 2,454,959	\$ -	\$ 2,454,959	\$ -	\$ -	\$ -	\$ 2,454,959	\$ 2,479,415
Special projects grants	92,440	-	92,440	-	-	-	92,440	87,089
Less donor designation:	(454,959)	-	(454,959)	-	-	-	(454,959)	(539,415)
Sub-total	<u>2,092,440</u>	<u>-</u>	<u>2,092,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,092,440</u>	<u>2,027,089</u>
Salaries and wages	-	543,317	543,317	212,722	301,142	513,864	1,057,181	1,053,625
Payroll taxes and benefits	-	158,552	158,552	56,165	79,510	135,675	294,227	259,842
	-	701,869	701,869	268,887	380,652	649,539	1,351,408	1,313,467
Stipends	-	100,802	100,802	-	-	-	100,802	90,139
Volunteer expenses	-	54,991	54,991	-	-	-	54,991	54,895
Occupancy costs	-	16,728	16,728	1,268	6,258	7,526	24,254	22,665
Travel, conferences and meetings	-	26,048	26,048	3,587	26,909	30,496	56,544	38,634
Public relations and printing	-	39,676	39,676	176	80,682	80,858	120,534	108,282
Miscellaneous	-	7,947	7,947	7,368	5,719	13,087	21,034	29,049
Postage	-	5,661	5,661	502	4,338	4,840	10,501	10,567
Equipment repair and maintenance	-	16,092	16,092	1,229	10,218	11,447	27,539	22,043
Telephone & internet	-	11,920	11,920	1,002	7,243	8,245	20,165	18,565
Supplies	-	7,427	7,427	1,457	6,482	7,939	15,366	32,562
Contracted services	-	66,161	66,161	29,873	23,148	53,021	119,182	137,711
Dues and subscriptions	-	1,654	1,654	961	2,275	3,236	4,890	3,749
Insurance	-	6,260	6,260	4,641	3,353	7,994	14,254	13,239
Depreciation	-	18,337	18,337	2,751	14,708	17,459	35,796	40,958
Sub-total	<u>-</u>	<u>1,081,573</u>	<u>1,081,573</u>	<u>323,702</u>	<u>571,985</u>	<u>895,687</u>	<u>1,977,260</u>	<u>1,936,525</u>
United Way Worldwide dues	-	19,220	19,220	7,310	10,426	17,736	36,956	39,274
	<u>\$ 2,092,440</u>	<u>\$ 1,100,793</u>	<u>\$ 3,193,233</u>	<u>\$ 331,012</u>	<u>\$ 582,411</u>	<u>\$ 913,423</u>	<u>\$ 4,106,656</u>	<u>\$ 4,002,888</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, 2013
(With Summarized Information for 2011)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 43,123	\$ 120,159
Adjustments to reconcile change in net assets to net cash from operating activities:		
Permanently restricted contributions	-	(2,000)
Depreciation	35,796	40,958
Realized and unrealized (gains) losses on investments	(118,410)	50,577
Net change in beneficial interest in assets held by others	(1,130)	(1,075)
Retained interest on certificate of deposit	(1)	(826)
(Increase) decrease in operating assets:		
Prepaid expenses and other assets	(20,136)	(4,574)
Pledges, grants and contributions receivable	54,670	242,063
Due from United Ways of Vermont, Inc.	45,944	(34,583)
Increase (decrease) in operating liabilities:		
Allocations and designations payable	117,309	(175,102)
Accounts payable and accrued expenses	(20,074)	10,146
Accrued payroll-related liabilities	15,165	18,336
Deferred program service revenue	7,522	9,978
Due to United Ways of Vermont, Inc.	875	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	160,653	274,057
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(816,176)	(974,739)
Sales of investments	463,419	667,061
Purchase of property and equipment	(5,901)	(9,433)
NET CASH USED IN INVESTING ACTIVITIES	(358,658)	(317,111)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Permanently restricted contributions received	-	2,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	2,000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(198,005)	(41,054)
CASH AND CASH EQUIVALENTS:		
Beginning of year	1,095,862	1,136,916
End of year	\$ 897,857	\$ 1,095,862

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

UNITED WAY OF CHITTENDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013

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, 2013

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

Reclassification:

Portions of the 2012 financial statements have been reclassified to conform to the 2013 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, 2013

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, 2012, 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:

Community Investments:

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 approximately \$2,000,000 in agency allocations for 2012 and 2013 – 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.

Community Impact and Volunteer Mobilization:

UWCC’s “Community Impact and 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, 2013

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.

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 \$49,851 and \$53,957 for the years ended March 31, 2013 and 2012, respectively.

UNITED WAY OF CHITTENDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013

NOTE 5- PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at March 31:

	2013	2012
Building and improvements	\$ 867,095	\$ 867,095
Office equipment and computers	129,089	188,877
Website	15,529	15,529
Subtotal	1,011,713	1,071,501
Less - accumulated depreciation	(302,368)	(332,261)
Property and equipment, net of accumulated depreciation	\$ 709,345	\$ 739,240

Additions to equipment are recorded at cost when purchased and at market value when donated. Depreciation, amounting to \$35,796 and \$40,958 for the years ended March 31, 2013 and 2012, 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	2013 TOTAL	2012 TOTAL
Public relations and printing	\$ 12,510	\$ -	\$ 38,960	\$ 51,470	\$ 36,165
Volunteer expenses	21,520	-	-	21,520	22,114
Occupancy costs	3,825	-	-	3,825	2,700
Contracted services	-	-	-	-	3,370
Miscellaneous	467	-	-	467	1,458
Total in-kind contributions	\$ 38,322	\$ -	\$ 38,960	\$ 77,282	\$ 65,807

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, 2013

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:

	2013	2012
Unrestricted		
Prior year campaign pledges receivable	\$ 3,528	\$ 39,840
Temporarily restricted:		
Current year campaign pledges receivable	2,029,988	1,888,335
Less allowance for uncollectible pledges	(192,800)	(187,500)
Net current year pledges receivable	1,837,188	1,700,835
Other temporarily restricted:		
For special initiatives through "The Gretchen Fund"	76,666	191,913
For the Foster Grandparent and RSVP programs	25,937	17,904
For other programs	25,000	71,797
	1,964,791	1,982,449
Total unconditional promises to give	\$ 1,968,319	\$ 2,022,289
Receivable in less than one year	\$ 1,945,319	\$ 1,887,950
Receivable in one to five years	23,000	134,339
Total unconditional promises to give	1,968,319	2,022,289
Less other allowance for uncollectible promises	(17,200)	(16,500)
Net unconditional promises to give	\$ 1,951,119	\$ 2,005,789

Each year, based on prior experience, UWCC estimates an amount of current year campaign pledges that will not be collected – primarily due to employee turnover at participating employers. Actual pledges receivable written off were approximately \$156,000 and \$200,000 for the fiscal years ended March 31, 2013 and 2012, respectively.

There were no material conditional promises to give at March 31, 2013 or 2012. 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, 2013

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.

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, 2013

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, 2013:			
Money funds	\$ 345,177	\$ 345,177	\$ -
Bonds & fixed-income mutual funds	1,011,672	1,033,648	21,976
Equities & equity mutual funds	<u>1,024,357</u>	<u>1,283,095</u>	<u>258,738</u>
	<u>\$ 2,381,206</u>	<u>\$ 2,661,920</u>	<u>\$ 280,714</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	<u>812,221</u>	<u>957,869</u>	<u>145,648</u>
	<u>\$ 2,025,570</u>	<u>\$ 2,190,753</u>	<u>\$ 165,183</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, 2013:				
Money funds	\$ 80,751	\$ 250,634	\$ 13,792	\$ 345,177
Bonds & fixed-income mutual funds	794,241	87,719	151,688	1,033,648
Equities & equity mutual funds	<u>949,014</u>	<u>62,340</u>	<u>271,741</u>	<u>1,283,095</u>
	<u>\$ 1,824,006</u>	<u>\$ 400,693</u>	<u>\$ 437,221</u>	<u>\$ 2,661,920</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	<u>739,601</u>	<u>-</u>	<u>218,268</u>	<u>957,869</u>
	<u>\$ 1,502,271</u>	<u>\$ 287,922</u>	<u>\$ 400,560</u>	<u>\$ 2,190,753</u>

UNITED WAY OF CHITTENDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013

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, 2012 and 2013, 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 4/1/11:	\$ 1,425,512	\$ 130,452	\$ 64,856	\$ 311,034	\$ 1,931,854
Contributions received	-	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
Contributions received	-	111,807	-	-	111,807
Interest and dividends	43,425	2,480	8,772	-	54,677
Realized gains / (losses)	3,378	44	(543)	-	2,879
Unrealized gain / (loss)	85,841	(1,560)	31,250	-	115,531
Investment fees	(11,559)	-	(2,818)	-	(14,377)
Net investment income (loss)	121,085	964	36,661	-	158,710
Appropriated for operations	-	-	-	-	-
Non-operating transfers in (out)	200,650	-	-	-	200,650
Net transfers in (out)	200,650	-	-	-	200,650
Value of Invested Funds 3/31/13:	\$ 1,824,006	\$ 400,693	\$ 124,187	\$ 313,034	\$ 2,661,920

The \$124,187 in temporarily restricted net assets at March 31, 2013 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, 2013

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 eight 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” call center – 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 (\$24,700 and \$24,686 for the fiscal years ended March 31, 2013 and 2012, 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. (\$875 due to and \$45,944 due from UWsVT as of March 31, 2013 and 2012, respectively).

UWsVT collects membership fees based on a percentage of the members’ campaign receipts. UWCC paid membership fees to UWsVT of \$52,793 and \$53,876 for the fiscal years ended March 31, 2013 and 2012, 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 (\$36,956 and \$39,274 for the fiscal years ended March 31, 2013 and 2012, respectively).

UNITED WAY OF CHITTENDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013

NOTE 11 – NET ASSETS

In September each year UWCC kicks off its annual community fundraising campaign which concludes at the end of the fiscal year. Funds raised in the current fiscal year’s annual campaign are used to support community investment and the Organization’s operations in the following fiscal year. Consequently, the results of the current year campaign are recorded as temporarily restricted net assets in the current fiscal year and released in the subsequent fiscal year.

Net assets are composed of the following:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
As of March 31, 2013:				
Current year campaign & out of area receipts	\$ -	\$ 3,013,330	\$ -	\$ 3,013,330
Subsequent year's campaign	-	18,500	-	18,500
Endowment fund	-	124,187	313,034	437,221
Beneficial interest in assets held by others	-	-	39,518	39,518
The Gretchen Fund (special initiatives)				
In investments	-	400,693	-	400,693
In receivables	-	76,666	-	76,666
Restricted for program activities:				
For the Working Bridges program	-	22,261	-	22,261
For Volunteer Connection programs	-	161,870	-	161,870
Board designated - Volunteer Connection	14,165	-	-	14,165
Investment in property & equipment	709,345	-	-	709,345
Other unrestricted	746,766	-	-	746,766
	<u>\$ 1,470,276</u>	<u>\$ 3,817,507</u>	<u>\$ 352,552</u>	<u>\$ 5,640,335</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>

UNITED WAY OF CHITTENDEN COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2013

NOTE 12 - SUBSEQUENT EVENTS AND REPORT ISSUANCE DATE

Management has evaluated “events” subsequent to March 31, 2013 through September 16, 2013 (the date these financial statements were available to be issued) for potential recognition or disclosure as required under U.S. generally accepted accounting principles.