

UNITED WAY CAPITAL AREA
(a nonprofit organization)
FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS
June 30, 2009 and 2008

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Lockart, Atchley & Associates, L.L.P.

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RSM McGladrey Network

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
United Way Capital Area

We have audited the statements of financial position of United Way Capital Area (a nonprofit organization) (United Way) as of June 30, 2009 and 2008, 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'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 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 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 Capital Area as of June 30, 2009 and 2008 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.

Lockart, Atchley & Associates, LLP

Austin, Texas
November 9, 2009

UNITED WAY CAPITAL AREA
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2009 and 2008

	2009	2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,072,405	\$ 2,458,652
Investments	1,473,649	1,551,973
Accounts and grants receivable	293,899	289,111
Employee advances	3,122	4,507
Pledges receivable, net of allowance for uncollectible pledges of \$2,360,233 and \$1,600,841	2,911,847	3,608,804
Prepaid expense and other assets	9,052	35,778
Total current assets	5,763,974	7,948,825
Property and equipment, net of accumulated depreciation of \$2,524,668 and \$2,399,308	1,128,197	1,225,532
Other assets:		
Temporarily restricted - cash and cash equivalents	61,973	39,615
Permanently restricted - cash, cash equivalents and investments	496,630	496,630
Total assets	\$ 7,450,774	\$ 9,710,602

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

UNITED WAY CAPITAL AREA
STATEMENTS OF FINANCIAL POSITION (Continued)
JUNE 30, 2009 and 2008

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 2,340	\$ 103,420
Accrued expenses and other	164,707	195,742
Notes payable - current portion	66,874	92,484
Community funds commitment	3,843,700	3,990,000
Support for community programs	436	-
Deferred revenue	12,940	116,516
Designations due to others	1,251,979	1,603,323
	<u>5,342,976</u>	<u>6,101,485</u>
Total current liabilities		

Long-term obligations

569,391	636,265
<u>569,391</u>	<u>636,265</u>

 Total liabilities

<u>5,912,367</u>	<u>6,737,750</u>
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Net assets:

Unrestricted net assets:	599,636	2,206,440
Temporarily restricted net assets	442,141	269,782
Permanently restricted net assets	496,630	496,630
	<u>1,538,407</u>	<u>2,972,852</u>
Total net assets		
	<u>\$ 7,450,774</u>	<u>\$ 9,710,602</u>
Total liabilities and net assets		

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

UNITED WAY CAPITAL AREA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

	2009			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUES, GAINS AND OTHER SUPPORT				
Total amounts raised	\$ 14,958,173	\$ 186,180	\$ -	\$ 15,144,353
Less: amounts designated by contributors for specific organizations	(8,839,036)	-	-	(8,839,036)
Less: allowance for uncollectible pledges	(310,070)	-	-	(310,070)
Grants	-	1,111,178	-	1,111,178
Corporate and other contributions	11,277	-	-	11,277
In-kind contributions/contributed services	192,538	-	-	192,538
Total contributions	6,012,882	1,297,358	-	7,310,240
Dividends and interest, net of expenses	48,349	34,180	-	82,529
Gain (loss) on investments	(144,727)	-	-	(144,727)
Service fee income	320,353	-	-	320,353
Total unrestricted public support and revenue	6,236,857	1,331,538	-	7,568,395
Net assets released from restrictions:				
Restrictions satisfied by payments	1,159,179	(1,159,179)	-	-
Total unrestricted public support, revenue and net assets released from restrictions	7,396,036	172,359	-	7,568,395
ALLOCATIONS, EXPENSES AND LOSSES				
Allocations to agencies and other United Ways	12,604,236	-	-	12,604,236
Less: allocations funded through contributor designations	(8,839,036)	-	-	(8,839,036)
Allocations to partner agencies	3,765,200	-	-	3,765,200
Other program services	3,053,786	-	-	3,053,786
Total allocations and program services	6,818,986	-	-	6,818,986
Supporting Services				
Management and general	597,862	-	-	597,862
Fund raising	1,585,992	-	-	1,585,992
Total supporting services	2,183,854	-	-	2,183,854
Total allocations, expenses and losses	9,002,840	-	-	9,002,840
INCREASE (DECREASE) IN NET ASSETS	(1,606,804)	172,359	-	(1,434,445)
Net assets at beginning of year	2,206,440	269,782	496,630	2,972,852
Net assets at end of year	\$ 599,636	\$ 442,141	\$ 496,630	\$ 1,538,407

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

UNITED WAY CAPITAL AREA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

	2008			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUES, GAINS AND OTHER SUPPORT				
Total amounts raised	\$ 17,057,018	\$ 428,226	\$ -	\$ 17,485,244
Less: amounts designated by contributors for specific organizations	(10,061,495)	-	-	(10,061,495)
Less: allowance for uncollectible pledges	(367,975)	-	-	(367,975)
Grants	953,955	-	-	953,955
Corporate and other contributions	991,671	-	-	991,671
In-kind contributions/contributed services	73,158	-	-	73,158
Total contributions	8,646,332	428,226	-	9,074,558
Dividends and interest, net of expenses	151,942	-	-	151,942
Gain (loss) on investments	(167,174)	-	-	(167,174)
Service fee income	310,922	-	-	310,922
Total unrestricted public support and revenue	8,942,022	428,226	-	9,370,248
Net assets released from restrictions:				
Restrictions satisfied by payments	536,294	(536,294)	-	-
Total unrestricted public support, revenue and net assets released from restrictions	9,478,316	(108,068)	-	9,370,248
ALLOCATIONS, EXPENSES AND LOSSES				
Allocations to agencies and other United Ways	14,051,495	-	-	14,051,495
Less: allocations funded through contributor designations	(10,061,495)	-	-	(10,061,495)
Allocations to partner agencies	3,990,000	-	-	3,990,000
Other program services	3,953,897	-	-	3,953,897
Total allocations and program services	7,943,897	-	-	7,943,897
Supporting Services				
Management and general	704,468	-	-	704,468
Fund raising	2,096,306	-	-	2,096,306
Total supporting services	2,800,774	-	-	2,800,774
Total allocations, expenses and losses	10,744,671	-	-	10,744,671
INCREASE (DECREASE) IN NET ASSETS	<u>(1,266,355)</u>	<u>(108,068)</u>	<u>-</u>	<u>(1,374,423)</u>
Net assets at beginning of year	<u>3,472,795</u>	<u>377,850</u>	<u>496,630</u>	<u>4,347,275</u>
Net assets at end of year	<u>\$ 2,206,440</u>	<u>\$ 269,782</u>	<u>\$ 496,630</u>	<u>\$ 2,972,852</u>

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

UNITED WAY CAPITAL AREA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009

	2009			
	Program Services	Management & General	Fund Raising	Total
Support allocated to agencies	\$ 3,765,200	\$ -	\$ -	\$ 3,765,200
Support for community programs	37,756	-	-	37,756
Program expenses	113,486	-	-	113,486
Professional personnel costs	1,860,751	367,295	924,700	3,152,746
Employee benefits	206,204	35,501	83,693	325,398
Payroll taxes	96,821	17,871	48,361	163,053
Professional fees & contracts	224,313	47,803	35,499	307,615
Office expenses	21,423	2,381	23,803	47,607
Occupancy	87,575	7,748	59,622	154,945
Rental and maintenance of equipment	52,875	5,874	58,748	117,497
Printing and publications	30,802	1,120	24,082	56,004
Training/Travel	9,445	1,049	10,494	20,988
Food and beverage	22,168	887	21,281	44,336
Insurance	5,931	659	6,592	13,182
Interest expense	27,299	3,033	30,333	60,665
Marketing	29,952	-	36,698	66,650
Bad debts expense (recoveries)	-	-	-	-
Payments to affiliates	45,288	90,575	45,287	181,150
Photography and video	275	31	305	611
In-kind expenses	86,803	9,645	96,448	192,896
Other expense	38,207	122	17,366	55,695
Total expenses before depreciation	6,762,574	591,594	1,523,312	8,877,480
Depreciation	56,412	6,268	62,680	125,360
Total allocations, expenses and losses	\$ 6,818,986	\$ 597,862	\$ 1,585,992	\$ 9,002,840

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

UNITED WAY CAPITAL AREA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008

	2008			
	Program Services	Management & General	Fund Raising	Total
Support allocated to agencies	\$ 3,990,000	\$ -	\$ -	\$ 3,990,000
Support for community programs	114,775	-	-	114,775
Program expenses	223,244	-	-	223,244
Professional personnel costs	2,094,286	413,392	1,040,755	3,548,433
Employee benefits	266,422	45,868	108,133	420,423
Payroll taxes	150,139	27,712	74,993	252,844
Professional fees & contracts	268,818	57,288	42,542	368,648
Office expenses	27,942	3,105	31,048	62,095
Occupancy	82,187	7,271	55,954	145,412
Rental and maintenance of equipment	61,948	6,883	68,829	137,660
Printing and publications	59,940	2,180	46,863	108,983
Training/Travel	63,591	7,065	70,656	141,312
Food and beverage	45,875	1,835	44,040	91,750
Insurance	7,387	821	8,209	16,417
Interest expense	30,178	3,353	33,532	67,063
Marketing	43,081	-	52,783	95,864
Bad debts expense (recoveries)	207,295	23,033	230,328	460,656
Payments to affiliates	46,462	92,922	46,461	185,845
Photography and video	3,781	420	4,199	8,400
In-kind expenses	32,921	3,658	36,579	73,158
Other expense	56,291	180	25,586	82,057
Total expenses before depreciation	7,876,563	696,986	2,021,490	10,595,039
Depreciation	67,334	7,482	74,816	149,632
Total allocations, expenses and losses	\$ 7,943,897	\$ 704,468	\$ 2,096,306	\$ 10,744,671

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

UNITED WAY CAPITAL AREA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Decrease in net assets	\$(1,434,445)	\$(1,374,423)
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation	125,360	149,632
Unrealized (gain) loss on investments	142,437	163,808
Reinvested dividends	(64,113)	(100,772)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(4,788)	637,668
(Increase) decrease in employee advances	1,385	2,828
(Increase) decrease in pledges receivable	696,957	1,485,967
(Increase) decrease in prepaid expenses	26,726	(32,401)
Increase (decrease) in accounts payable	(101,080)	(60,521)
Increase (decrease) in accrued expenses	(31,035)	46,210
Increase (decrease) in due to affiliates	-	(80,553)
Increase (decrease) in deferred revenue	(103,576)	(84,082)
Increase (decrease) in community fund commitment	(146,300)	61,416
Increase (decrease) in targeted fund commitment	436	(153,774)
Increase (decrease) in designations due to others	(351,344)	(403,411)
Net cash provided by operating activities	(1,243,380)	257,592
Cash flows from investing activities:		
Purchase of securities	-	(695,303)
Increase (decrease) in temporarily restricted cash and cash equivalents	(22,358)	768,801
Purchase of depreciable assets	(28,025)	(58,708)
Net cash provided (used) by investing activities	(50,383)	14,790
Cash flows from financing activities:		
Payments on notes payable	(92,484)	(84,690)
Net cash used by financing activities	(92,484)	(84,690)

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

UNITED WAY CAPITAL AREA
 STATEMENTS OF CASH FLOWS (Continued)
 FOR THE YEARS ENDED JUNE 30, 2009 and 2008

	2009	2008
Net increase (decrease) in cash and cash equivalents	\$(1,386,247)	\$ 187,692
Beginning of year cash and cash equivalents	2,458,652	2,270,960
End of year cash and cash equivalents	\$ 1,072,405	\$ 2,458,652
Supplemental disclosure of cash flow information		
Cash paid during the year for:		
Interest	\$ 60,665	\$ 67,063

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

UNITED WAY CAPITAL AREA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

NOTE A - NATURE OF OPERATIONS

The United Way Capital Area (United Way) was organized for the following purposes:

Support benevolent, charitable, educational, character-building, and health and public welfare organizations and agencies that meet standards determined by the United Way;

Unite charitable campaigns of qualified organizations, whether local or national in scope, into one annual cooperative fund raising appeal;

Distribute the net funds obtained to qualified organizations based on the needs of this community for such organizations' services in the manner and amounts directed by the Board of Directors or as directed by the contributor;

Plan with other public and private bodies for the rational development of public and voluntary resources;

Promote volunteerism in community services; and

Enhance cooperation between the public and voluntary sectors of the delivery of efficient and effective services to meet human needs.

NOTE B - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies of United Way applied in the preparation of the accompanying statements follows:

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The statements of financial position and of activities focuses on the organization as a whole and report total assets, liabilities, net assets and changes in net assets in accordance with the Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

UNITED WAY CAPITAL AREA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

NOTE B - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

Basis of Presentation - Continued

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the organization. The earnings from permanently restricted net assets are to be used for emergency needs, new health programs and human service programs and are included in temporarily restricted net assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, United Way considers all deposits held at financial institutions or investment companies, which are subject to withdrawal, and money market mutual funds to be cash equivalents except restricted cash and cash equivalents are not included as cash and cash equivalents for this statement.

Investments

Investments are recorded at fair value at year-end. Realized and unrealized gains and losses are included in the change in unrestricted net assets in the accompanying statements of activities.

Accounts and Grants Receivable

United Way considers the accounts and grants receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required.

Pledges Receivable

United Way conducts its annual campaign in the last quarter of each calendar year to raise support for allocations to participating agencies in the subsequent fiscal year. All contributions are considered to be available for unrestricted use unless specifically restricted by the contributor. Receivables from contributions are recorded as revenue when the pledge is received, and an allowance is provided for amounts estimated to be uncollectible based upon prior history. Pledges are primarily from contributors in the Central Texas area and all pledges are generally due within one year.

Property and Equipment

Expenditures for land, building, and equipment are recorded at cost. Donated assets are recorded at their estimated fair market values at the date of donation. Depreciation expense is calculated using the straight-line method and the following estimated useful lives:

Buildings	25 years
Property improvements	25 years
Furniture & Equipment	5 years

UNITED WAY CAPITAL AREA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

NOTE B - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

Property and Equipment (Continued)

Maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. United Way capitalizes all fixed assets with a cost greater than or equal to \$2,000 and a useful life greater than one year.

Community Fund Commitment

United Way annually determines the amounts to be allocated to its partner agencies as part of its Community Investment Program and records the amounts to be paid to these partner agencies as a liability at year-end. As of June 30, 2009 and 2008, an amount of \$3,765,200 and \$3,990,000, respectively, was allocated to partner agencies; an additional amount of \$37,756 was allocated for support for community programs at June 30, 2009. United Way paid \$114,775 for support for community programs during the year ended June 30, 2008.

Designations Due to Others

United Way, as part of its annual campaign, raises and therefore collects amounts which contributors have designated to be distributed to various partner agencies, non-partner agencies, and other United Ways. These designations do not represent income to United Way but are recorded net of administrative fees as a liability at year end. In-kind contributions that are designated to be distributed to specific agencies are not recorded as revenue in these financial statements.

Recognition of Contributor Restrictions

Support that is not restricted by the contributor is reported as an increase in unrestricted net assets in the reporting period in which the support is recognized. All contributor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction, in the reporting period in which the support is recognized. Temporarily restricted net assets are reclassified to unrestricted net assets in the period in which the use restriction has been met or the time restriction lapses.

Contributed Services

Contributed services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance non-financial assets, (b) require specialized skills, (c) the services are performed by people with those skills, and (d) United Way would otherwise have to pay for such services.

A substantial number of volunteers contribute significant amounts of time to United Way Capital Area in the allocation process, campaign efforts, and community program efforts. The financial statements do not reflect the value of these services as contributions in the financial statements since such services do not meet the criteria for SFAS No. 116.

UNITED WAY CAPITAL AREA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

NOTE B - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

Revenue Recognition

In accordance with the AICPA Audit and Accounting Guide for Not-for-Profit Organizations, contributions (grants) received from federal, state, and local governments that are conditioned upon United Way incurring certain qualifying costs, are considered to be exchange transactions and therefore are recognized as unrestricted revenue as those costs are incurred.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates used in preparing these financial statements include those made in computing the allowance for uncollectible pledges receivable. Actual results could differ from those estimates.

Income Taxes

United Way is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements. United Way is considered to be a tax-exempt organization other than a private foundation.

Allocation of Common Costs

United Way allocates common costs among program services, management and general, and fund raising as shown in the statements of functional expenses. The allocation methods are reviewed periodically and revised, if necessary, to ensure that costs are allocated to the functions that benefit from the costs.

Program expenses are incurred for the following programs:

1. Support allocated to agencies - involves providing funding to United Way agencies for their continuing community assistance programs,
2. 211 Texas - provides people in need with resources available in Central Texas,
3. Volunteer Center - involves the matching of skills, abilities, and interests of prospective volunteers with the needs of non-profit agencies, and
4. Success by Six - involves convening and collaborating with child advocates, parents, and care givers to build early childhood initiatives.

UNITED WAY CAPITAL AREA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

NOTE B - SUMMARY OF ACCOUNTING POLICIES - CONTINUED

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE C - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2009 and 2008, consisted of:

	2009	2008
Land	\$ 126,240	\$ 126,240
Buildings and improvements	2,380,517	2,380,517
Furniture and equipment	1,146,108	1,118,083
	3,652,865	3,624,840
Less accumulated depreciation	2,524,668	2,399,308
	\$ 1,128,197	\$ 1,225,532

Depreciation expense for the years ended June 30, 2009 and 2008 was \$125,360 and \$149,632, respectively.

NOTE D - INVESTMENTS

United Way adopted Statement of Financial Accounting Standards No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, in 1997. This statement requires United Way to report investments in the statement of financial position at fair value and report realized and unrealized gains and losses in the statement of activities. Investment income is summarized as follows:

	2009	2008
Interest and dividends	\$ 82,529	\$ 151,942
Realized gain/(loss) on investments	(2,290)	(3,366)
Unrealized gain/(loss) on investments	(142,437)	(163,808)
Total investment income	\$ (62,198)	\$ (15,232)

UNITED WAY CAPITAL AREA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

NOTE D - INVESTMENTS CONTINUED

Investments are recorded at fair value. Market values and unrealized appreciation (depreciation) at June 30, 2009, are summarized:

	Cost	Quoted Market Value	Unrealized Gain (Loss)
Short-term Investments			
Mutual funds	\$ 1,722,328	\$ 1,473,649	\$ (248,679)

Investments are recorded at fair value. Market values and unrealized appreciation (depreciation) at June 30, 2008, are summarized:

	Cost	Quoted Market Value	Unrealized Gain (Loss)
Short-term Investments			
Mutual funds	\$ 1,658,215	\$ 1,551,973	\$ (106,242)

NOTE E - FAIR VALUE MEASUREMENTS

During the year ended June 30, 2009, United Way implemented Financial Accounting Standards Board Statement (FASB) No. 157, *Fair Value Measurements*, which establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB Statement No. 157 are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that United Way has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;

Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

UNITED WAY CAPITAL AREA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

NOTE E - FAIR VALUE MEASUREMENTS - CONTINUED

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2009.

Mutual funds: Valued at the net asset value (NAV) of shares held at year end.

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

The following table sets forth by level, within the fair value hierarchy, United Way's assets at fair value as of June 30, 2009:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	<u>\$ 1,473,649</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,473,649</u>
	<u><u>\$ 1,473,649</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,473,649</u></u>

UNITED WAY CAPITAL AREA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

NOTE F - RESTRICTIONS ON NET ASSETS

At June 30, 2009, the total amount of temporarily restricted net assets were:

	6/30/2008 Balance	Restricted Contributions	Restrictions Satisfied*	6/30/2009 Balance
Success By Six	\$ 229,319	\$ 73,320	\$ (153,611)	\$ 149,028
Young Leaders Society	18,124	24,090	(26,234)	15,980
Endowment Earnings	-	34,180	-	34,180
CCFIP	-	10,000	(2,937)	7,063
HOCT	10,000	-	(10,000)	-
Information Services	2,726	-	(2,726)	-
Women's Giving Network	9,613	8,625	(5,874)	12,364
1Hr4Kids	-	3,000	-	3,000
Neighboring	-	15,000	(11,136)	3,864
Texas 2-1-1	-	951,293	(899,957)	51,336
Ready by 21	-	100,000	(16,977)	83,023
Play-n-Learn	-	7,500	-	7,500
Days of Service	-	10,000	(857)	9,143
Teacher Scholarship	-	6,500	(4,592)	1,908
Bank on Central Texas	-	40,000	(10,768)	29,232
Family Financial Stability	-	40,000	(12,254)	27,746
Volunteer Project Mgmt	-	8,030	(1,256)	6,774
	<u>\$ 269,782</u>	<u>\$ 1,331,538</u>	<u>\$ (1,159,179)</u>	<u>\$ 442,141</u>

At June 30, 2008, the total amount of temporarily restricted net assets were:

	6/30/2007 Balance	Restricted Contributions	Restrictions Satisfied*	6/30/2008 Balance
Success By Six	\$ 241,569	\$ 317,404	\$ (329,654)	\$ 229,319
Young Leaders Society	27,334	27,515	(36,725)	18,124
CCFIP	100,000	-	(100,000)	-
HOCT	-	58,177	(48,177)	10,000
Information Services	-	13,630	(10,904)	2,726
Women's Giving Network	8,947	11,500	(10,834)	9,613
	<u>\$ 377,850</u>	<u>\$ 428,226</u>	<u>\$ (536,294)</u>	<u>\$ 269,782</u>

* All restrictions were satisfied by payment of expenses related to these programs.

UNITED WAY CAPITAL AREA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

NOTE F - RESTRICTIONS ON NET ASSETS - CONTINUED

At June 30, 2009 and 2008, the total amount of permanently restricted net assets was:

	<u>2009</u>	<u>2008</u>
Endowment - cash, cash equivalent & investments	<u>\$ 496,630</u>	<u>\$ 496,630</u>

NOTE G - MORTGAGE NOTE PAYABLE

United Way had the following long-term obligation at June 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Financial Institution - Mortgage note payable for the additions to the administration building dated February 2001. Amended effective February, 2009 to be payable in monthly installments plus interest at the bank's prime rate (2.62% at June 30, 2009), secured by land, building, improvements, furniture and equipment, balance due September 2016. See note below.	\$ 636,265	\$ 728,749
Less current portion	<u>(66,874)</u>	<u>(92,484)</u>
Long-term portion	<u>\$ 569,391</u>	<u>\$ 636,265</u>

The bank loan has various covenants requiring United Way to meet certain objectives, such as maintain certain financial ratios and provide the financial institution with financial information within a certain period after year end. At June 30, 2009 and 2008, United Way was in compliance with the financial covenants.

In connection with the variable rate note on the administration building, United Way entered into an interest rate swap agreement. The purpose of the swap is to fix the interest rate on the debt and to reduce the exposure to interest rate fluctuations. Management does not believe that the swap has a material effect on the financial position, the results of operations or cash flows of the United Way.

UNITED WAY CAPITAL AREA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

NOTE G - MORTGAGE NOTE PAYABLE - CONTINUED

The future debt service under this note payable is:

<u>June 30,</u>	<u>Amount</u>
2010	\$ 66,874
2011	72,621
2012	78,760
2013	85,632
2014	91,991
Thereafter	<u>240,387</u>
	<u>\$ 636,265</u>

NOTE H - COMMITMENTS

United Way leases certain office equipment under a lease agreement that has been recorded as an operating lease. This agreement has a term of five years and has monthly payments which totaled approximately \$32,000 and \$45,000 in the years ended June 30, 2009 and 2008, respectively. The future minimum lease payments under this agreement are:

<u>Year ended June 30,</u>	<u>Amount</u>
2010	\$ 32,820
2011	<u>32,820</u>
	<u>\$ 65,640</u>

NOTE I - PENSION CONTRIBUTION

During the years ended June 30, 2009 and 2008, United Way maintained a defined contribution pension plan, which covered all employees of United Way with one year of service. United Way made a contribution to the plan equal to 4% of the employee's base salary. Employees were not able to make contributions to the plan. United Way contributed approximately \$92,491 and \$121,600 to the plan for the years ended June 30, 2009 and 2008, respectively. As allowed by the plan document, United Way terminated the plan effective November 1, 2008.

United Way offers its employees the opportunity to enroll in a 403(b) plan. This tax deferred annuity plan allows employees, at their option, to make contributions using payroll deductions.

UNITED WAY CAPITAL AREA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

NOTE J - CONCENTRATION OF RISK

United Way maintains cash deposits at a bank, which at times exceed federally insured limits. United Way also maintains a daily money market fund at a financial institution which is not federally insured, but which invests its funds in U.S. Treasury instruments. United Way's cash deposits in a financial institution of \$692,749 at June 30, 2008 and overnight investments of \$1,745,980 were not federally insured. Deposits in financial institution during the year ended June 30, 2009 were fully insured. United Way has not experienced any losses related to its deposits in these accounts.

United Way holds amounts in various equity mutual funds, money market funds, and U.S. government securities at a high quality brokerage firm totaling \$1,782,914 and \$1,852,295 at June 30, 2009 and 2008, respectively. Of this amount, \$309,265 and \$300,322, respectively, is invested in daily money market funds and is included in cash and cash equivalents in the accompanying financial statements. In addition, \$1,473,649 and \$1,551,973, respectively, is invested in five equity mutual funds whose investments include primarily common stocks in well-established U.S. companies. These amounts are recorded as short-term investments in the accompanying financial statements.

NOTE K- CAMPAIGN CONTRIBUTIONS

United Way Capital Area serves as the designated fiscal agent for the following public sector campaigns:

Combined Federal Campaign (CFC)
State Employee Charitable Campaign (SECC)

As fiscal agent, United Way Capital Area manages these campaigns and administers their financial activities, including the collection and distribution of funds. Activity from these campaigns is reflected in the accompanying financial statements. Amounts raised are included in total amounts raised, from which are deducted designations to agencies other than United Way Capital Area. Amounts collected for others and not yet distributed are recorded as designations due to others.

UNITED WAY CAPITAL AREA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

NOTE L - IN-KIND CONTRIBUTIONS

The value of non-cash (in-kind) contributions included as contributions in the financial statements and the corresponding allocation for the years ended June 30, 2009 and 2008 is:

	<u>2009</u>	<u>2008</u>
Donated office supplies	\$ 400	\$ -
Advertising	47,703	59,784
Donated small equipment	673	2,831
Food and beverage	7,668	1,512
Landscaping	2,710	2,000
Professional Services	132,028	7,031
Other	<u>1,356</u>	<u>-</u>
Total	<u>\$ 192,538</u>	<u>\$ 73,158</u>

NOTE M - OTHER CONCENTRATIONS

Approximately \$3,200,000, or 30%, and \$3,500,000, or 20%, of the June 30, 2009 and 2008 campaigns, respectively, was attributed to two companies and their employees located in the Austin, Texas area.

NOTE N - PAYMENTS TO AFFILIATES

During the years ended June 30, 2009 and 2008, United Way recorded amounts due to affiliates that represent dues to United Way of America of \$147,650 and \$154,145, respectively, dues to United Way of Texas of \$30,000, and \$31,700, respectively, and \$3,500 to United Way Gift in Kind International during the year ended June 30, 2009.

NOTE O - ALLOWANCE FOR UNCOLLECTIBLE PLEDGES

The allowance for uncollectible pledges includes approximately \$715,000 and \$700,000 that relates to pledges receivable at June 30, 2008 and 2007, respectively, which will fund the community investment fund and operating expenses.

UNITED WAY CAPITAL AREA
NOTES TO FINANCIAL STATEMENTS
June 30, 2009 and 2008

NOTE P - ALLOCATIONS FUNDED THROUGH CONTRIBUTOR DESIGNATIONS

Allocations funded through contributor designations are:

	<u>2009</u>	<u>2008</u>
Designations to Partner Agencies	\$ 2,774,289	\$ 2,708,077
Designations to Other United Ways	395,061	487,471
Designations to Other 501(c)(3) Organizations	<u>5,669,686</u>	<u>6,865,947</u>
Total Designations	<u>\$ 8,839,036</u>	<u>\$ 10,061,495</u>

NOTE Q - EMPLOYEE ADVANCES

During the year ended June 30, 2005, the United Way advanced employees a total of \$43,428 in order to offset the lag in payments to employees when the United Way changed from a semi-monthly to a bi-weekly payroll schedule. The employees have the option of repaying this advance on a systematic basis as a payroll deduction, through a lump sum payment, or to have it deducted from their final payroll check when and if they leave the United Way. The remaining receivable balance at June 30, 2009 and 2008 was \$3,122 and \$4,507, respectively.

NOTE R - SUBSEQUENT EVENTS

Management of United Way has evaluated subsequent events for disclosure through November 9, 2009, the date the financial statements were issued.