

UNITED WAY OF CAYUGA COUNTY, INC.
AUDITED FINANCIAL STATEMENTS
For the Years Ended December 31, 2010 and 2009

UNITED WAY OF CAYUGA COUNTY, INC.
Audited Financial Statements

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
United Way of Cayuga County, Inc.
Auburn, New York

We have audited the accompanying statements of financial position of the United Way of Cayuga County, Inc. as of December 31, 2010 and 2009 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 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 the United Way of Cayuga County, Inc. as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Respectfully submitted,

Cuddy & Ward, LLP

Cuddy & Ward, LLP
Certified Public Accountants

Auburn, NY
March 22, 2011

UNITED WAY OF CAYUGA COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2010 and 2009

	2010	2009
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 694,940	\$ 761,452
Pledges receivable, net of allowance	778,315	816,172
Interest receivable	-	5,338
Fixed assets, net	7,262	9,360
Investments	1,513,398	1,424,758
Gift annuity receivable	13,434	22,742
Deposit	2,000	2,000
TOTAL ASSETS	\$ 3,009,349	\$ 3,041,822
LIABILITIES AND NET ASSETS		
LIABILITIES		
Designations payable	\$ 20,620	\$ 18,166
Accounts payable and accrued expenses	1,651	17,866
TOTAL LIABILITIES	22,271	36,032
 NET ASSETS		
Unrestricted net assets:		
Undesignated	281,690	306,720
Board designated	1,513,398	1,430,096
Total unrestricted net assets	1,795,088	1,736,816
Temporarily restricted net assets	1,191,990	1,268,974
TOTAL NET ASSETS	2,987,078	3,005,790
TOTAL LIABILITIES AND NET ASSETS	\$ 3,009,349	\$ 3,041,822

See notes to financial statements and accountants' report

UNITED WAY OF CAYUGA COUNTY, INC.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2010

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>2010 Total</u>
PUBLIC SUPPORT AND REVENUES			
Campaign revenue - 2010	\$ 1,316,405	\$ -	\$ 1,316,405
Less: donor designations	(18,166)	-	(18,166)
Less: provision for uncollectible pledges	(73,589)	73,589	-
Released from restrictions	-	(1,245,834)	(1,245,834)
Net campaign revenue - 2010	<u>1,224,650</u>	<u>(1,172,245)</u>	<u>52,405</u>
Campaign pledges - 2011	-	1,199,089	1,199,089
Less: donor designations	-	(20,620)	(20,620)
Less: provision for uncollectible pledges	-	(66,445)	(66,445)
Net campaign revenue - 2011	<u>-</u>	<u>1,112,024</u>	<u>1,112,024</u>
Program income	18,250	-	18,250
Other contributions	10,196	-	10,196
Donations in kind	13,521	-	13,521
Designations from other United Ways	25,930	35,013	60,943
Government campaigns	46,409	29,569	75,978
Service fee income	1,648	1,950	3,598
Decrease in value of annuity	-	(9,308)	(9,308)
Interest income	7,418	-	7,418
Net investment income	143,302	-	143,302
Miscellaneous income	7,465	-	7,465
Other net assets released from restriction	-	(73,987)	(73,987)
TOTAL PUBLIC SUPPORT AND REVENUES	<u>1,498,789</u>	<u>(76,984)</u>	<u>1,421,805</u>
EXPENSES			
Allocations:			
Gross funds awarded	1,058,216	-	1,058,216
Less: donor designations	(18,166)	-	(18,166)
Net funds awarded	1,040,050	-	1,040,050
Program services	87,055	-	87,055
Supporting services	313,412	-	313,412
TOTAL EXPENSES	<u>1,440,517</u>	<u>-</u>	<u>1,440,517</u>
CHANGE IN NET ASSETS	58,272	(76,984)	(18,712)
NET ASSETS AT BEGINNING OF YEAR	<u>1,736,816</u>	<u>1,268,974</u>	<u>3,005,790</u>
NET ASSETS AT END OF YEAR	\$ <u>1,795,088</u>	\$ <u>1,191,990</u>	\$ <u>2,987,078</u>

See notes to financial statements and accountants' report

UNITED WAY OF CAYUGA COUNTY, INC.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2009

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>2009 Total</u>
PUBLIC SUPPORT AND REVENUES			
Campaign revenue - 2009	\$ 1,341,971	\$ -	\$ 1,341,971
Less: donor designations	(13,685)	-	(13,685)
Less: provision for uncollectible pledges	(84,019)	84,019	-
Released from restrictions	<u>-</u>	<u>(1,301,834)</u>	<u>(1,301,834)</u>
Net campaign revenue - 2009	<u>1,244,267</u>	<u>(1,217,815)</u>	<u>26,452</u>
Campaign pledges - 2010	-	1,264,000	1,264,000
Less: donor designations	-	(18,166)	(18,166)
Less: provision for uncollectible pledges	-	(73,589)	(73,589)
Net campaign revenue - 2010	<u>-</u>	<u>1,172,245</u>	<u>1,172,245</u>
Program income	17,450	-	17,450
Other contributions	6,690	-	6,690
Donations in kind	13,083	-	13,083
Designations from other United Ways	42,093	25,930	68,023
Government campaigns	42,285	46,409	88,694
Service fee income	251	1,648	1,899
Decrease in value of annuity	-	(705)	(705)
Interest income	4,243	-	4,243
Net investment income	286,009	-	286,009
Miscellaneous income	7,842	-	7,842
Other net assets released from restriction	<u>-</u>	<u>(84,629)</u>	<u>(84,629)</u>
TOTAL PUBLIC SUPPORT AND REVENUES	<u>1,664,213</u>	<u>(56,917)</u>	<u>1,607,296</u>
EXPENSES			
Allocations:			
Gross funds awarded	1,059,271	-	1,059,271
Less: donor designations	<u>(13,685)</u>	<u>-</u>	<u>(13,685)</u>
Net funds awarded	1,045,586	-	1,045,586
Program services	64,103	-	64,103
Supporting services	<u>346,111</u>	<u>-</u>	<u>346,111</u>
TOTAL EXPENSES	<u>1,455,800</u>	<u>-</u>	<u>1,455,800</u>
CHANGE IN NET ASSETS	208,413	(56,917)	151,496
NET ASSETS AT BEGINNING OF YEAR	<u>1,528,403</u>	<u>1,325,891</u>	<u>2,854,294</u>
NET ASSETS AT END OF YEAR	\$ <u>1,736,816</u>	\$ <u>1,268,974</u>	\$ <u>3,005,790</u>

See notes to financial statements and accountants' report

UNITED WAY OF CAYUGA COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2010

	PROGRAM SERVICES			SUPPORTING SERVICES			TOTAL 2010
	Allocation Services	Other Programs	Total Program Services	Organizational Administration	Fund Raising	Total Supporting Services	
Allocations/Awards	\$ 1,058,216	\$ -	\$ 1,058,216	\$ -	\$ -	\$ -	\$ 1,058,216
Less: donor designations	(18,166)	-	(18,166)	-	-	-	(18,166)
Subtotal	1,040,050	-	1,040,050	-	-	-	1,040,050
Professional staff salaries	24,482	18,910	43,392	83,308	66,600	149,908	193,300
Payroll taxes	2,007	1,088	3,095	8,194	4,450	12,644	15,739
Employee benefits	4,528	2,454	6,982	18,490	10,044	28,534	35,516
Subtotal	1,071,067	22,452	1,093,519	109,992	81,094	191,086	1,284,605
Community response funding	-	-	-	-	-	-	-
CASH tax program	-	15,523	15,523	-	-	-	15,523
211 initiative	-	1,000	1,000	-	-	-	1,000
Professional fees	-	-	-	4,900	-	4,900	4,900
Campaign promotions	-	-	-	-	37,098	37,098	37,098
Services in-kind	-	-	-	1,801	5,295	7,096	7,096
Office expense	1,731	938	2,669	7,068	3,839	10,907	13,576
Telephone	375	203	578	1,532	832	2,364	2,942
Postage and shipping	584	316	900	2,384	1,295	3,679	4,579
Conferences and meetings	266	144	410	1,088	591	1,679	2,089
Dues and subscriptions	456	247	703	1,860	1,010	2,870	3,573
Depreciation	436	236	672	1,779	966	2,745	3,417
Equipment repairs and rental	186	101	287	759	412	1,171	1,458
Insurance	367	199	566	1,500	815	2,315	2,881
Rent	3,987	2,161	6,148	16,278	8,841	25,119	31,267
Rent in-kind	373	202	575	1,523	4,327	5,850	6,425
Utilities	455	246	701	1,857	1,009	2,866	3,567
Miscellaneous	173	94	267	708	385	1,093	1,360
United Way of Worldwide dues	1,678	909	2,587	6,852	3,722	10,574	13,161
TOTAL EXPENSES	\$ 1,082,134	\$ 44,971	\$ 1,127,105	\$ 161,881	\$ 151,531	\$ 313,412	\$ 1,440,517

See notes to financial statements and accountants' report

UNITED WAY OF CAYUGA COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2009

	PROGRAM SERVICES			SUPPORTING SERVICES			TOTAL 2009
	Allocation Services	Other Programs	Total Program Services	Organizational Administration	Fund Raising	Total Supporting Services	
Allocations/Awards	\$ 1,059,271	\$ -	\$ 1,059,271	\$ -	\$ -	\$ -	\$ 1,059,271
Less: donor designations	(13,685)	-	(13,685)	-	-	-	(13,685)
Subtotal	1,045,586	-	1,045,586	-	-	-	1,045,586
Professional staff salaries	16,710	8,268	24,978	101,268	67,045	168,313	193,291
Payroll taxes	1,328	657	1,985	8,064	5,340	13,404	15,389
Employee benefits	3,516	1,740	5,256	21,348	14,137	35,485	40,741
Subtotal	1,067,140	10,665	1,077,805	130,680	86,522	217,202	1,295,007
Community response funding	-	1,053	1,053	-	-	-	1,053
CASH tax program	-	17,676	17,676	-	-	-	17,676
211 Initiative	-	1,200	1,200	-	-	-	1,200
Professional fees	-	-	-	4,700	-	4,700	4,700
Campaign promotions	-	-	-	-	33,761	33,761	33,761
Services in-kind	-	-	-	1,425	6,809	8,234	8,234
Office expense	1,531	759	2,290	9,300	6,159	15,459	17,749
Telephone	311	154	465	1,891	1,252	3,143	3,608
Postage and shipping	400	198	598	2,428	1,608	4,036	4,634
Conferences and meetings	82	40	122	495	328	823	945
Dues and subscriptions	337	167	504	2,046	1,355	3,401	3,905
Depreciation	274	136	410	1,665	1,102	2,767	3,177
Equipment repairs and rental	175	87	262	1,066	706	1,772	2,034
Insurance	296	147	443	1,800	1,192	2,992	3,435
Rent	2,628	1,302	3,930	15,965	10,572	26,537	30,467
Rent in-kind	418	207	625	2,541	1,683	4,224	4,849
Utilities	314	155	469	1,910	1,265	3,175	3,644
Miscellaneous	-	-	-	1,481	-	1,481	1,481
United Way Worldwide dues	1,231	606	1,837	7,462	4,942	12,404	14,241
TOTAL EXPENSES	\$ 1,075,137	\$ 34,552	\$ 1,109,689	\$ 186,855	\$ 159,256	\$ 346,111	\$ 1,455,800

See notes to financial statements and accountants' report

UNITED WAY OF CAYUGA COUNTY, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (18,712)	\$ 151,496
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	3,417	3,177
Realized and unrealized (gain) loss on investments	116,990	(261,260)
Decrease in value of gift annuity	9,308	705
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Pledges receivable	37,857	147,025
Interest receivable	5,338	1,174
Increase (decrease) in:		
Designations payable	2,454	4,309
Grants payable	-	(10,600)
Accounts payable and accrued expenses	(16,215)	17,606
NET CASH PROVIDED BY OPERATING ACTIVITIES	140,437	53,632
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of fixed assets	(1,319)	(3,501)
Acquisition of investments	(1,573,977)	(436,461)
Proceeds from sale of investments	1,368,347	474,139
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(206,949)	34,177
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(66,512)	87,809
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	761,452	673,643
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 694,940	\$ 761,452
SUPPLEMENTAL DISCLOSURES		
Interest paid, cash basis	\$ -	\$ -
Taxes paid, cash basis	\$ -	\$ -

See notes to financial statements and accountants' report

UNITED WAY OF CAYUGA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A

SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization

The United Way of Cayuga County, Inc. is a not-for-profit corporation founded in 1922, whose mission is to increase the organized capacity of people to care for one another. The organization is affiliated with the United Way Worldwide, an international organization. The Organization is governed by a volunteer board of directors.

Programs

The Organization funds the following programs:

- *Guiding Youth to Achieve Their Potential:* Focus for this impact area is helping youth to transition from childhood to adulthood. This impact area supports programs for mentoring youth, youth recreation and help for youth in crisis which leads to preventing delinquency and building confidence and skills for life.
- *Improving People's Health & Well-Being:* Focus for this impact area is improving the physical and mental health of families and individuals. This impact area supports programs for caregivers, socialization for seniors, families with members in the Armed Forces, home health assistance, counseling, blood services, abuse prevention and substance abuse treatment.
- *Helping Children Succeed:* Focus for this impact area is preparing a child to enter school by building and sustaining skills for success. This impact area supports quality pre-school and child care programs, as well as parenting skills and engagement.
- *Promoting Independence & Self-Sufficiency:* Focus for this impact area is helping stabilize families with financial issues, and to build skills that lead to better lives. This impact area supports programs that include literacy learning, food and energy assistance, and emergency and transportation services.
- *Youth Allocations:* Youth Allocations is a youth-engagement initiative recreated in 2010. Student representatives from high schools serving Cayuga County are recruited to participate in a grant making process with the objective of funding human service projects that involve or seek to engage area youth in helping improve our community. Students on the Youth Allocations Panel make funding grants after consideration of project budget and narrative information and agency presentations.
- *Community Response Fund:* This is a special fund which provides immediate funds to partner agencies if there is a crisis situation within a funded program and/or a new program is developed to address an emergent need. Partner agencies are encouraged to collaborate with other not-for-profit agencies for this funding.
- *CASH (Creating Assets, Savings and Hope) for Cayuga County:* CASH is a United Way initiative that offers free tax preparation for low to moderate income families and individuals. Volunteers help low to moderate income households build stronger financial futures by preparing Federal and NYS tax returns free of charge.
- *2-1-1:* An information and referral hotline service to the residents of Cayuga County. This is a free, confidential service created to provide an easy-to-remember number that connects individuals to services that can help them manage a range of typical life obstacles.

Basis of Accounting

The financial statements of the United Way of Cayuga County, Inc. have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

UNITED WAY OF CAYUGA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

Basis of Presentation

Financial statement presentation requires the Organization to report 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.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, 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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fixed Assets

All acquisitions of fixed assets in excess of \$500, and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Fixed assets are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method.

Investments

The Organization carries investments in marketable securities with readily determinable fair values, and all debt securities, at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in unrestricted net assets in the accompanying Statements of Activities.

Donations In-Kind

	2010	2009
Facilities	\$ 6,425	\$ 4,849
Printing	5,541	6,809
Food services	1,555	1,425
Total	\$ 13,521	\$ 13,083

In addition, numerous volunteers have donated significant amounts of time to the Organization's fundraising campaign and program services. No amounts have been recognized in the financial statements because they did not meet the criteria for recognition under generally accepted accounting principles.

Advertising Costs

Advertising costs are expensed as incurred and were \$9,155 and \$8,734 for the years ended December 31, 2010 and 2009, respectively.

UNITED WAY OF CAYUGA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A

SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES
(continued)

Governmental Campaign Revenue

The Organization is a recipient of campaign revenue from state and federal governmental campaigns. These amounts are reported separate from general campaign revenues.

Income Taxes

The Organization is a not-for-profit corporation organized under the laws of New York State and is exempt from income taxes under Internal Revenue Code Sec. 501(c)3. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Functional Expenses

Functional expenses have been allocated between program services and supporting services based upon direct expenditures, analysis of personnel time, space and utilities for the related activities.

Supplemental Disclosures - Statement of Cash Flows

For the purpose of the Statement of Cash Flows, the Organization considers all investment instruments with an original maturity of three months or less to be cash equivalents. Operating activities reflect interest and taxes paid of \$-0- for each of the years ended December 31, 2010 and 2009.

NOTE B

CONCENTRATIONS OF CREDIT RISK

Cash

The Organization periodically maintains balances at financial institutions in excess of Federal Deposit Insurance Corporation limits. Periodically balances exceed those limits.

Accounts Receivable

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of pledges receivable. The Organization's ability to collect pledges receivable may be affected by economic fluctuations in the locality. Concentrations of credit risk with respect to pledges receivable are limited due to the large number of contributors comprising the Organization's support base. The Organization has provided for allowances for potential pledge losses and such losses have been within the Organization's expectations.

UNITED WAY OF CAYUGA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE C PLEDGES RECEIVABLE

Pledges receivable are recorded at fair value and represent amounts pledged from annual fundraising campaigns that are held from August to December. The Organization provides for an allowance for uncollectible pledges based upon the revenues anticipated and historic uncollectible amounts. The allowances are reviewed periodically to determine if adequate. Allowances for uncollectible pledges were based on 5.25% and 5.50% of total campaign pledges at December 31, 2010 and 2009, respectively. Pledges receivable and allowances for uncollectible amounts at December 31, 2010 and 2009 are as follows:

	2010	2009
Unrestricted:		
Pledges receivable for prior year campaign (2010/2009)	\$ 146,840	\$ 149,728
Less: allowance for uncollectible pledges	(73,589)	(84,019)
	73,251	65,709
Temporarily restricted:		
Pledges receivable for current year campaign (2011/2010)	771,509	824,052
Less: allowance for uncollectible pledges	(66,445)	(73,589)
	705,064	750,463
Net pledges receivable	\$ 778,315	\$ 816,172

NOTE D FIXED ASSETS

Fixed assets at December 31, 2010 and 2009 consisted of the following:

	2010	2009
Equipment	\$ 65,903	\$ 64,584
Less: accumulated depreciation	58,641	55,224
FIXED ASSETS, NET	\$ 7,262	\$ 9,360

NOTE E INVESTMENTS

Investments are stated at fair value. The cost and market values consist of the following at December 31, 2010 and 2009:

	2010		2009	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 213,425	\$ 213,425	\$ 34,195	\$ 34,195
Mutual funds	954,414	1,001,667	-	-
Corporate stocks	277,886	298,306	821,391	975,373
Bonds:				
Corporate	-	-	195,293	209,550
International	-	-	8,614	9,706
Government	-	-	186,654	201,272
	\$ 1,445,725	\$ 1,513,398	\$ 1,246,147	\$ 1,430,096

UNITED WAY OF CAYUGA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE E INVESTMENTS (continued)

United Way of Cayuga County, Inc. invests in a variety of individual fixed income and equity investments including common stock, corporate bonds, international bonds and bonds issued by the United States Government and its agencies. The Organization invested in 33 mutual funds of which 6 were under water at December 31, 2010. The Organization invests in 50 and 109 individual securities, of which 3 and 36 have a market value below cost as of December 31, 2010 and 2009, respectively. The Organization invested in 1 international bond, which had a market value below cost as of December 31, 2009. The Organization invested in 21 corporate bonds, of which 1 had a market value below cost as of December 31, 2009. The following tables show the investments gross unrealized losses and fair value, aggregated by investment category as of December 31, 2010 and 2009. Management believes the decline in market value is temporary in nature as they reflect general market conditions instead of permanent decline in the value of the individual securities.

A summary of investments as of December 31, 2010 and 2009, with fair values below cost is summarized as follows:

	2010		2009	
	Fair Value	Losses	Fair Value	Losses
Common stock	\$ 16,058	\$ 1,274	\$ 206,015	\$ 35,308
Mutual funds	302,139	6,165	-	-
Corporate Bonds	-	-	3,212	60
Total	\$ <u>318,197</u>	\$ <u>7,439</u>	\$ <u>209,227</u>	\$ <u>35,368</u>

Net investment income is summarized as follows:

	2010	2009
Interest and dividends	\$ 40,259	\$ 38,846
Net realized and unrealized gains (losses)	116,990	261,260
Interest expense	(2,143)	(926)
Investment fees	<u>(11,804)</u>	<u>(13,171)</u>
Net investment income (loss)	\$ <u>143,302</u>	\$ <u>286,009</u>

NOTE F INVESTMENT – FAIR VALUE MEASUREMENTS

Investments are subject to varying degrees of risk and, as such, to market value fluctuation. The Organization, in conjunction with new accounting guidance, expanded the required disclosures pertaining to the methods used to determine fair values, which did not have a material effect on the financial statements.

Accounting guidance established a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of input used to measure fair value are as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

UNITED WAY OF CAYUGA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE F INVESTMENT – FAIR VALUE MEASUREMENTS (continued)

Assets measured at fair value on a recurring basis are summarized below, by input level:

		December 31, 2010	
Assets		Level 1	Fair Value Measurements
Corporate stocks	\$	298,306	\$ 298,306
Mutual funds		954,414	1,001,667
Total	\$	1,252,720	\$ 1,299,973

NOTE G INVESTMENT SPENDING POLICY

The Organization follows a total return policy for investment earnings that anticipates a greater long-term return by investing for capital appreciation and, as such, accepts lower current yields for dividends and interest. In order to offset the impact of lower yields on current operations, a spending policy has been adopted whereby the amount of investment return available to support operations is determined by applying 4% to the investment market value measured over a three year rolling average as of September 30, or \$60,000 whichever is greater. The amount of investment return authorized by the board of directors to support operations for the year ended December 31, 2010 and 2009 was \$60,000 and \$63,600, respectively.

NOTE H GIFT ANNUITY RECEIVABLE

During 2001, a donor established an annuity with United Way of America, naming the United Way of Cayuga County, Inc. as the lead beneficiary of a charitable gift annuity. Under terms of the split-interest agreement, the annuity provides payment of distributions to the donor during the donor's lifetime. At the time of the donor's death, the trust is to terminate and remaining trust assets are to be distributed to the United Way of Cayuga County, Inc. Based on donor life expectancy and the use of 5.6% discount rate, the present value of future benefits expected to be received by the Organization was estimated to be \$106,163, which was reported in 2001 as a temporarily restricted contribution and a contribution receivable from a charitable gift annuity. The present value of future benefits expected to be received by the Organization is \$7,147 and \$12,871, during the years ending 2010 and 2009, respectively.

A second annuity was established during 2002, with the United Way of Cayuga County, Inc. as the lead beneficiary of the charitable gift annuity, under the same terms as the original gift annuity. Based on donor life expectancy and the use of a 4.2% discount rate the present value of future benefits expected to be received by the Organization was estimated to be \$77,942 which was reported in 2002 as a temporarily restricted contribution and a contribution receivable from a charitable gift annuity. The present value of future benefits expected to be received by the Organization is \$6,287 and \$9,871, during the years ending 2010 and 2009, respectively.

UNITED WAY OF CAYUGA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE I COMMITMENTS

Allocations

The Board of Directors approved a budget for 2011 and 2010 agency base allocations of \$918,333 and \$1,044,500, respectively, which is approximately the amount of the 2010 and 2009 pledges adjusted for uncollectible pledges and general and administrative costs.

	2011	2010
Pledges	\$ 1,265,621	\$ 1,337,987
Transfer from operations	-	-
Supplement (to)/from reserves	31,742	57,558
	\$ 1,297,363	\$ 1,395,545
Distribution:		
Agency base allocations	\$ 918,333	\$ 1,044,500
Community initiatives	29,848	19,000
Community response grant fund	10,000	5,000
General and administrative costs	253,725	234,148
Allowance for uncollected pledges	66,445	73,589
Outside designations	19,012	19,308
	\$ 1,297,363	\$ 1,395,545

Leases

The Organization entered into a lease, effective January 1, 2007, for seven years.

Rent expense amounted to \$31,267 and \$30,467 for the years ending 2010 and 2009, respectively. This amount does not reflect the area the lessor is donating to the organization.

Future minimum lease payments are as follows:

2011		\$ 32,000
2012		32,800
2013		33,600
Total		\$ 98,400

NOTE J RETIREMENT PLANS

403(b) Thrift Plan

On May 1, 2009 the United Way of Cayuga County terminated its Defined Contribution Plan and Tax Deferred Annuity Plan, and adopted a 403(b) Thrift Plan. The plan covers all full time employees who have attained the age of 21, and have satisfied the minimum service requirement of one year. Employer base contributions will be 6% of each participant's compensation. Total Employer contributions for the year ended December 31, 2010 and 2009 were \$13,387 and \$14,185, respectively. Eligible employees may also elect to participate in the salary reduction portion of the plan, directing the United Way to contribute a portion of their compensation to the 403(b) Thrift Plan on their behalf. Employee contributions to the plan are allowed up the maximum allowed by the Internal Revenue Code.

UNITED WAY OF CAYUGA COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE K RESTRICTIONS ON ASSETS

The composition of temporarily restricted net assets at December 31, 2010 and 2009 is as follows:

	2010	2009
Campaign pledges	\$ 1,265,621	\$ 1,337,987
Less: allowance for doubtful accounts	(66,445)	(73,589)
Designations payable	(20,620)	(18,166)
Gift annuity	13,434	22,742
Temporarily restricted net assets	\$ 1,191,990	\$ 1,268,974

In addition to these funds which have been temporarily restricted by donors, the Organization's Board of Directors has set aside the following unrestricted net assets for the purposes described below:

	2010	2009
Set aside for long-term investment, with a specified amount of income to be used to support general program expenses	\$ 1,513,398	\$ 1,430,096
Total board designated funds included in unrestricted assets	\$ 1,513,398	\$ 1,430,096

NOTE L UNCERTAIN TAX POSITIONS

The Organization is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization does not conduct activities subject to tax for unrelated business income. 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.

The Organization's federal Exempt Organization Business Income Tax Returns (Form 990) for 2007, 2008, and 2009 are subject to examination by the IRS, generally for three years after they were filed.

NOTE M SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 22, 2011, the date on which the financial statements were available to be issued.