

**UNITED WAY OF METROPOLITAN  
ATLANTA, INC.**

**CONSOLIDATED FINANCIAL STATEMENTS**

**For the Years Ended June 30, 2009 and 2008**

**UNITED WAY OF METROPOLITAN ATLANTA, INC.**

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**June 30, 2009 and 2008**

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## Report of Independent Auditors

The Board of Directors  
United Way of Metropolitan Atlanta, Inc.  
Atlanta, Georgia

We have audited the accompanying consolidated statements of financial position of United Way of Metropolitan Atlanta, Inc. as of June 30, 2009 and 2008, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended. These consolidated financial statements are the responsibility of United Way of Metropolitan Atlanta, Inc.'s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of United Way of Metropolitan Atlanta, Inc. 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 of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2009 on our consideration of United Way of Metropolitan Atlanta, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The additional information in Exhibit 1 on page 34 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. The information in Exhibit 1, which is of a non-accounting nature, has not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, and, accordingly, we express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements of United Way of Metropolitan Atlanta, Inc. taken as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

Cherry, Bekaert & Holland, L.L.P.

Atlanta, Georgia  
December 14, 2009

**UNITED WAY OF METROPOLITAN ATLANTA, INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Dollars in Thousands)

June 30, 2009 and 2008

	2009	2008
<b>ASSETS</b>		
Cash and cash equivalents	\$ 19,257	\$ 18,286
Investments, at fair value	7,006	12,300
Pledges receivable, less allowance for uncollectible accounts of \$7,892 and \$6,827 at June 30, 2009 and 2008, respectively	24,799	26,809
Donor designated pledges receivable, less allowance for uncollectible accounts of \$223 and \$231 at June 30, 2009 and 2008, respectively	1,900	2,488
Other receivables and repayments	3,166	6,099
Land, building, and equipment, net of depreciation	26,787	32,281
Other assets	2,542	1,531
<b>TOTAL ASSETS</b>	<b>\$ 85,457</b>	<b>\$ 99,794</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Allocations payable	\$ 12,745	\$ 16,166
Donor designated allocations payable	2,971	3,732
Accounts payable and accrued liabilities	6,689	6,700
Notes payable and other obligations	9,511	10,526
Total Liabilities	31,916	37,124
<b>Net Assets</b>		
Unrestricted	28,393	41,563
Temporarily restricted	21,373	17,332
Permanently restricted	3,775	3,775
Total Net Assets	53,541	62,670
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 85,457</b>	<b>\$ 99,794</b>

**UNITED WAY OF METROPOLITAN ATLANTA, INC.**

**CONSOLIDATED STATEMENT OF ACTIVITIES  
(Dollars in Thousands)**

**For the Year Ended June 30, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Campaign Results (Unaudited)</b>				
Campaign contributions				
Current year campaign	\$ 73,213	\$ 7,453	\$ -	\$ 80,666
Prior year Pacesetter campaign	(92)		-	(92)
Pacesetter campaign		557	-	557
Less amounts owed to others:				
Donor designations	(7,265)	-	-	(7,265)
Amounts sent directly to others	<u>(16,027)</u>	<u>-</u>	<u>-</u>	<u>(16,027)</u>
Gross Campaign Results	49,829	8,010	-	57,839
Provision for uncollectibles	<u>(7,018)</u>	<u>-</u>	<u>-</u>	<u>(7,018)</u>
Net Campaign Results	<u>42,811</u>	<u>8,010</u>	<u>-</u>	<u>50,821</u>
<b>Revenues, Gains, and Other Support</b>				
Campaign contributions received in current period, net of provision for uncollectible pledges of \$7,018	42,811	8,010	-	50,821
Government grants and contracts	4,308	-	-	4,308
Private grant and foundation revenue	625	7,942	-	8,567
Interest and dividends	499	(2)	-	497
Realized and unrealized gain on Investments	(1,950)	(1)	-	(1,951)
Building income	6,454	-	-	6,454
Other income	1,010	-	-	1,010
Gifts-in-kind	9,717	-	-	9,717
Net assets released from restrictions	<u>11,473</u>	<u>(11,473)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains, and Other Support	74,947	4,476	-	79,423
<b>Allocations, Expenses and Other Direct Assistance</b>				
Agency allocations from annual campaign	(29,528)	-	-	(29,528)
Other allocations	(17,342)	-	-	(17,342)
Gifts-in-kind distributions	<u>(8,841)</u>	<u>-</u>	<u>-</u>	<u>(8,841)</u>
Total Allocations and Other Direct Assistance	(55,711)	-	-	(55,711)
Operating expenses	(24,904)	-	-	(24,904)
Interest expense	(378)	-	-	(378)
National dues	<u>(564)</u>	<u>-</u>	<u>-</u>	<u>(564)</u>
Total Allocations, Expenses and Other Direct Assistance	<u>(81,557)</u>	<u>-</u>	<u>-</u>	<u>(81,557)</u>
Change in Net Assets before change in liability for pension benefit	(6,610)	4,476	-	(2,134)
Change in liability for pension benefit	(1,428)	-	-	(1,428)
Transfer of assets to the 24/7 Gateway Center LLC	<u>(5,132)</u>	<u>(435)</u>	<u>-</u>	<u>(5,567)</u>
<b>Change in Net Assets</b>	<b>(13,170)</b>	<b>4,041</b>	<b>-</b>	<b>(9,129)</b>
<b>Net Assets at Beginning of the Year</b>	<u>41,563</u>	<u>17,332</u>	<u>3,775</u>	<u>62,670</u>
<b>Net Assets at End of the Year</b>	<u>\$ 28,393</u>	<u>\$ 21,373</u>	<u>\$ 3,775</u>	<u>\$ 53,541</u>

**UNITED WAY OF METROPOLITAN ATLANTA, INC.**

**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**(Dollars in Thousands)**

**For the Year Ended June 30, 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Campaign Results (Unaudited)</b>				
Campaign contributions				
Current year campaign	\$ 76,052	\$ 5,198	\$ -	\$ 81,250
Prior year Pacesetter campaign	(534)	-	-	(534)
Pacesetter campaign		92	-	92
Less amounts owed to others:				
Donor designations	(7,528)	-	-	(7,528)
Amounts sent directly to others	<u>(13,290)</u>	<u>-</u>	<u>-</u>	<u>(13,290)</u>
Gross Campaign Results	54,700	5,290	-	59,990
Provision for uncollectibles	<u>(4,962)</u>	<u>(1)</u>	<u>-</u>	<u>(4,963)</u>
Net Campaign Results	<u>49,738</u>	<u>5,289</u>	<u>-</u>	<u>55,027</u>
<b>Revenues, Gains, and Other Support</b>				
Campaign contributions received in current period, net of provision for uncollectible pledges of \$4,963	49,738	5,289	-	55,027
Government grants and contracts	7,792	-	-	7,792
Private grant and foundation revenue	1,217	6,000	-	7,217
Interest and dividends	924	(1)	-	923
Realized and unrealized gain on Investments	(1,115)	(1)	-	(1,116)
Building income	6,495	-	-	6,495
Other income	980	-	-	980
Gifts-in-kind	9,760	-	-	9,760
Net assets released from restrictions	<u>11,719</u>	<u>(11,719)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains, and Other Support	87,510	(432)	-	87,078
<b>Allocations, Expenses and Other Direct Assistance</b>				
Agency allocations from annual campaign	(30,682)	-	-	(30,682)
Other allocations	(22,401)	-	-	(22,401)
Gifts-in-kind distributions	<u>(10,107)</u>	<u>-</u>	<u>-</u>	<u>(10,107)</u>
Total Allocations and Other Direct Assistance	(63,190)	-	-	(63,190)
Operating expenses	(24,851)	-	-	(24,851)
Interest expense	(541)	-	-	(541)
National dues	<u>(561)</u>	<u>-</u>	<u>-</u>	<u>(561)</u>
Total Allocations, Expenses and Other Direct Assistance	<u>(89,143)</u>	<u>-</u>	<u>-</u>	<u>(89,143)</u>
Change in Net Assets before change in liability for pension benefit	(1,633)	(432)	-	(2,065)
Change in liability for pension benefit	<u>(812)</u>	<u>-</u>	<u>-</u>	<u>(812)</u>
Change in Net Assets	(2,445)	(432)	-	(2,877)
Net Assets at Beginning of the Year	<u>44,008</u>	<u>17,764</u>	<u>3,775</u>	<u>65,547</u>
Net Assets at End of the Year	<u>\$ 41,563</u>	<u>\$ 17,332</u>	<u>\$ 3,775</u>	<u>\$ 62,670</u>

See notes to consolidated financial statements

**UNITED WAY OF METROPOLITAN ATLANTA, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
(Dollars in Thousands)

For the Year Ended June 30, 2009

	Program Services					Supporting Services			Total
	Agency Allocations	Community Services	Other Direct Assistance	Building Operations	Total Program Services	Fundraising	Management and General	Total Supporting Services	
Operating Expenses	\$ -	\$ 3,743	\$ 1,222	\$ 888	\$ 5,853	\$ 2,901	\$ 2,601	\$ 5,502	\$ 11,355
Salaries and other labor	-	61	-	2,320	2,381	136	15	151	2,532
Occupancy	-	1,141	319	45	1,505	774	189	963	2,468
Employee health and retirement benefits	-	156	13	-	169	214	-	214	383
Campaign and marketing supplies	-	1	380	7	388	109	259	368	756
Professional fees	-	287	93	71	451	235	171	406	857
Payroll taxes	-	3	8	-	11	110	6	116	127
Printing and brochures	-	47	4	33	84	54	204	258	342
Telephone	-	26	-	198	224	26	344	370	594
Equipment rental and maintenance	-	334	130	68	532	489	(691)	(202)	330
Postage and supplies	-	66	166	6	238	92	95	187	425
Training and conferences	-	31	12	-	43	70	5	75	118
Local transportation	-	(22)	-	573	551	18	(569)	(551)	-
Interdepartmental allocation	-	53	1	142	196	125	317	442	638
Other	-	240	-	2,067	2,307	240	240	480	2,787
Depreciation charged to operations	-	-	-	408	408	-	-	-	408
Utilities	-	-	-	784	784	-	-	-	784
Catering	-	-	-	-	-	-	-	-	-
Total Operating Expenses	-	6,167	2,348	7,610	16,125	5,593	3,186	8,779	24,904
Other	29,528	-	-	-	29,528	-	-	-	29,528
Annual campaign allocations	-	8,841	-	-	8,841	-	-	-	8,841
Gifts-in-kind distributions	-	25	17,317	-	17,342	-	-	-	17,342
Other allocations	-	-	-	-	-	-	-	-	-
Total Other	29,528	8,866	17,317	-	55,711	-	-	-	55,711
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 29,528</b>	<b>\$ 15,033</b>	<b>\$ 19,665</b>	<b>\$ 7,610</b>	<b>\$ 71,836</b>	<b>\$ 5,593</b>	<b>\$ 3,186</b>	<b>\$ 8,779</b>	<b>\$ 80,615</b>

See notes to consolidated financial statements

**UNITED WAY OF METROPOLITAN ATLANTA, INC.**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
(Dollars in Thousands)

For the Year Ended June 30, 2008

	Program Services					Supporting Services			Total
	Agency Allocations	Community Services	Other Direct Assistance	Building Operations	Total Program Services	Fundraising	Management and General	Total Supporting Services	
Operating Expenses	\$ -	\$ 4,057	\$ 1,022	\$ 693	\$ 5,772	\$ 2,847	\$ 2,613	\$ 5,460	\$ 11,232
Salaries and other labor	-	98	-	2,031	2,129	155	18	173	2,302
Occupancy	-	1,013	245	1	1,259	636	501	1,137	2,396
Employee health and retirement benefits	-	124	30	-	154	133	-	133	287
Campaign and marketing supplies	-	10	466	4	480	131	237	368	848
Professional fees	-	319	76	63	458	243	194	437	895
Payroll taxes	-	4	16	5	25	104	9	113	138
Printing and brochures	-	60	3	26	89	68	129	197	286
Telephone	-	76	4	211	291	93	214	307	598
Equipment rental and maintenance	-	369	114	70	553	586	(651)	(65)	488
Postage and supplies	-	85	195	4	284	91	71	162	446
Training and conferences	-	31	16	-	47	72	9	81	128
Local transportation	-	(7)	-	563	556	7	(563)	(556)	-
Interdepartmental allocation	-	64	1	147	212	59	269	328	540
Other	-	218	-	2,369	2,587	218	218	436	3,023
Depreciation charged to operations	-	-	-	518	518	-	-	-	518
Utilities	-	-	-	726	726	-	-	-	726
Catering	-	-	-	-	-	-	-	-	-
Total Operating Expenses	6,521	2,188	-	7,431	16,140	5,443	3,268	8,711	24,851
Other	30,682	-	-	-	30,682	-	-	-	30,682
Annual campaign allocations	-	10,107	-	-	10,107	-	-	-	10,107
Gifts-in-kind distributions	-	-	-	-	-	-	-	-	-
Other allocations	-	-	22,401	-	22,401	-	-	-	22,401
Total Other	30,682	10,107	22,401	-	63,190	-	-	-	63,190
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ 30,682</b>	<b>\$ 16,628</b>	<b>\$ 24,589</b>	<b>\$ 7,431</b>	<b>\$ 79,330</b>	<b>\$ 5,443</b>	<b>\$ 3,268</b>	<b>\$ 8,711</b>	<b>\$ 88,041</b>

See notes to consolidated financial statements

**UNITED WAYOF METROPOLITAN ATLANTA, INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Dollars in Thousands)

For the Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (9,129)	\$ (2,877)
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:		
Realized and unrealized loss on investments	1,951	1,114
Depreciation and amortization	2,787	3,023
Transfer of building and equipment	4,851	
Changes in net assets and liabilities:		
Pledges and donor designated pledges receivable	2,598	406
Other receivables and prepayments	2,933	(1,744)
Other assets	(1,018)	418
Allocations and donor designated allocations payable	(4,182)	2,101
Accounts payable and accrued liabilities	<u>(11)</u>	<u>2,871</u>
Net Cash Provided by (Used In) Operating Activities	780	5,312
<b>Cash Flows from Investing Activities</b>		
Purchases of building and equipment	(2,137)	(1,391)
Purchases of investments	(645)	(707)
Sales of investments	<u>3,988</u>	<u>397</u>
Net Cash Provided by (Used in) Investing Activities	1,206	(1,701)
<b>Cash Flows from Financing Activity</b>		
Proceeds from the line of credit		1,372
Debt repayments	<u>(1,015)</u>	<u>(747)</u>
Net Cash Provided by (Used in) Financing Activity	<u>(1,015)</u>	<u>625</u>
Increase in Cash and Cash Equivalents	971	4,236
<b>Cash and Cash Equivalents at Beginning of the Year</b>	<u>18,286</u>	<u>14,050</u>
<b>Cash and Cash Equivalents at End of the Year</b>	<u>\$ 19,257</u>	<u>\$ 18,286</u>
<b>Supplemental Cash Flow Information:</b>		
Interest paid	<u>\$ 295</u>	<u>\$ 456</u>

## UNITED WAY OF METROPOLITAN ATLANTA, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2009 and 2008

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#### NOTE 1—NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: United Way of Metropolitan Atlanta, Inc. (the "United Way") is a nonprofit corporation that was formed to mobilize the caring power of community to help one another by making lasting improvements on human care issues. The United Way's primary fund-raising efforts are through workforce Campaigns and community appeals concentrated in the Atlanta metropolitan area ("Annual Campaign").

Annual Campaigns are conducted in the fall of each year ("Current Campaign") to support programs primarily in the subsequent fiscal year. Campaign contributions are used generally to support a variety of local health and human services programs and to pay the United Way's operating expenses. Current Campaign revenues are primarily collected and distributed to agencies in the following fiscal year, in two components. The first component is distributed in the first six months of the following fiscal year and is based on the level of campaign results of the Previous Campaign (as opposed to the Current Campaign). This distribution policy allows management sufficient time for the Current Campaign results to be analyzed and validated as to accuracy and collectibility to avoid allocation levels in excess of actual Campaign results. The second component from the Previous Campaign is distributed in the second six months of the following fiscal year at distribution levels based on the Previous Campaign. The distributions made in the first half of the following fiscal year are committed to the agencies prior to the June 30 fiscal year end, and are reflected as "Allocations Payable" in the accompanying financial statements. Expected distributions for the second half of the following fiscal year also are communicated to the agencies as of June 30 to allow for the agencies' budget planning needs. However, those planned distributions are contingent upon the results of the cash collections of the Previous Campaign and thus are contingent liabilities at each June 30 fiscal year end. The aggregate amount of such contingent allocations payable was approximately \$12,745,000 and \$16,166,000 at June 30, 2009 and 2008, respectively.

Donors may designate their pledges among several community care programs. Community care pledges are pooled and are allocated to nonprofit health and human services agencies within the State of Georgia. Donor designated pledges represent pledges to health and human service agencies or a United Way affiliate in another location.

Annual fall Campaign results are reduced by pledges collected on behalf of other organizations or pledged to a specific organization (i.e., donor designated pledges) and by a provision for uncollectible pledges. The net Campaign results for the 2008/2009 Campaign are reflected as unrestricted and temporarily restricted revenues in the accompanying 2009 statement of activities, and the amounts have been allocated to member agencies and other organizations in the current year. Campaign contributions related to the 2009/2010 Campaign are included in temporarily restricted revenue, as the amounts are restricted for the following year. These amounts are classified as Pacesetter Campaign contributions in the accompanying 2009 statement of activities.

Net Campaign results are allocated to agencies and other organizations at the completion of the Campaign. At June 30, 2009 and 2008, the United Way had committed community care and donor designated allocations in the aggregate amounts of approximately \$15,716,000 and \$19,898,000, respectively. The portion of these amounts not yet allocated at June 30, 2009 and 2008 are included as allocations payable and donor designated allocations payable in the accompanying statements of financial position. Revenues related to the community care portion are included in Campaign contributions and allocations to agencies in the accompanying statements of activities.

# UNITED WAY OF METROPOLITAN ATLANTA, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2009 and 2008

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### NOTE 1—NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Donor designated allocations are not included in revenues, gains, and other support or in allocations to agencies in the statements of activities in accordance with Statement of Financial Accounting Standards No. 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*, as the United Way passes these contributions on to the donor-designated party.

Principles of consolidation: The consolidated financial statements include the accounts of the Organization and Georgia Afterschool Investment Council. All significant intercompany accounts and transactions have been eliminated from the accompanying financial statements.

Financial statement presentation: The Organization 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. The Organization complies with the provisions of Statement of Financial Accounting Standards ("SFAS") Statement No. 116, *Accounting for Contributions Received and Contributions Made* and SFAS Statement No. 117, *Financial Statements of Not-for-Profit Organizations*.

*Unrestricted net assets* - Net assets that are not restricted by donors or for which donor-imposed restrictions have expired.

*Temporarily restricted net assets* - Net assets that contain donor-imposed time or purpose restrictions that have not currently been met.

*Permanently restricted net assets* - Net assets that contain donor-imposed restrictions stipulating that the amounts be maintained by the Organization in perpetuity. The Organization may expend part or all of the income earned according to donor stipulations.

Cash and cash equivalents: The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of any contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

Investments: Investments are carried at fair value. Investment income is credited to unrestricted net assets unless otherwise designated by the donor. The United Way's investments do not have a significant concentration of credit risk within any industry, geographic location, or specific institution.

Accounting for Contributions: All Current Campaign contributions are considered to be available for unrestricted use unless specifically restricted by the donor for a specific program or time period. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted, as appropriate.

Pledges Receivable and Allowances for Uncollectible Accounts: Annual Campaign pledge contributions receivable are generally paid in one year. The United Way provides an allowance for uncollectible pledges based on historical write-off percentages at the time Campaign results are recorded.

**UNITED WAY OF METROPOLITAN ATLANTA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2009 and 2008**

**NOTE 1—NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

This estimated allowance is periodically adjusted based on Campaign collection trends. A Campaign is officially closed for accounting purposes, and the final uncollectible amount determined, in the year following the year of workplace Campaign collections. Any difference in the actual Campaign collection results compared with the estimates previously recorded are reflected as an adjustment to net Campaign results in the consolidated Statement of Activities. Additions (reductions) in uncollectible accounts of approximately \$251,000 and \$(646,000) were recorded in fiscal year 2009 and 2008, respectively related to the final closing of the Fall 2007 and 2006 Campaign collections.

Land, Building, and Equipment: Fixed assets owned and used in operations are included in unrestricted net assets at cost, or if donated, at fair market value at the date of donation. Depreciation expense is recorded using the straight-line method over the estimated useful lives of the assets. At June 30, 2009 and 2008, the fixed assets of United Way were as follows (in thousands):

	<u>2009</u>	<u>2008</u>
Land	\$ 6,371	\$ 6,371
Buildings and leasehold improvements	47,704	51,730
Furniture, fixtures, and equipment	<u>8,487</u>	<u>7,830</u>
	62,562	65,931
Less accumulated depreciation	<u>(35,775)</u>	<u>(33,650)</u>
Net Land, Buildings, and Equipment	<u>\$ 26,787</u>	<u>\$ 32,281</u>

Other Assets: Other assets in the statements of financial position include (in thousands):

	<u>2009</u>	<u>2008</u>
Beneficially owned funds	\$ 867	\$ 867
Bond issuance costs, net of accumulated amortization of approximately \$82 and \$74	81	89
Life insurance contract	143	-
Inventories	<u>1,451</u>	<u>575</u>
Total Other Assets	<u>\$ 2,542</u>	<u>\$ 1,531</u>

See Note 3 for description of beneficially owned funds.

Bond issuance costs relate to the issuance of tax-exempt bonds discussed in Note 8 and are being amortized over the life of the bonds.

Inventories are comprised of undistributed donations under the Gifts-in-kind program described in Note 2. Inventories are valued based on estimated fair value at the date of donation using information provided by the donor and quoted market prices.

Concentrations of Risk: Financial instruments that potentially subject the United Way to concentrations of credit risk consist primarily of pledges receivable, substantially all of which are from individuals, businesses, or not-for-profit foundations in the metropolitan Atlanta area and cash and cash equivalents.

## UNITED WAY OF METROPOLITAN ATLANTA, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2009 and 2008

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#### NOTE 1—NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Concentrations of credit risk for pledge receivables are limited due to the large number of donors comprising the United Way's donor base. As a result, at June 30, 2009 and 2008, the United Way does not consider itself to have a significant concentration of credit risk with respect to any single donor.

The Organization places its cash and cash equivalents on deposit with financial institutions in the United States. In October and November 2008, the Federal Deposit Insurance Corporation ("FDIC") temporarily increased coverage to \$250,000 for substantially all depository accounts and temporarily provides unlimited coverage for certain qualifying and participating non-interest bearing transaction accounts. The increased coverage is scheduled to expire on December 31, 2013, at which time it is anticipated amounts insured by the FDIC will return to \$100,000. Periodically, the Organization may maintain cash balances in excess of the amount insured by the FDIC.

Tax Status: The United Way is exempt from federal income taxation under Section 501(a) as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

Private Grants and Foundations Revenue: The United Way receives certain funds directly from private foundations. The revenue is classified as temporarily restricted if the funds are restricted due to a time or purpose restriction by the donor. The funds are spent on various projects that serve the needs of the donor and community. Such funding is reflected as other direct assistance in the accompanying statements of activities.

Functional Expenses: Operating expenses are functionalized between program services and supporting services based on departmental allocations. Total allocations and expenses on the statements of functional expenses do not include interest expense, national dues, and unrealized losses.

Contributed Services: During the year ended June 30, 2008, United Way received various services related to business planning and development that have been recorded in the Statement of Activities and the Statement of Functional Expense. The estimated fair value of contributed services was approximately \$0 and \$750,000 at June 30, 2009 and 2008, respectively; which is included in Gifts-in-Kind revenue and Gifts-in-Kind distributions in the Consolidated Statement of Activities. The total amount was recorded as Community Services in the Statement of Functional Expense.

The United Way pays for substantially all services that would otherwise meet the requirements to be recorded on a contributed service. A substantial number of unpaid volunteers have made significant contributions of their time to the United Way's programs and fund-raising campaigns. These donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services.

Reclassifications: Certain reclassifications have been made to the 2008 financial statements to conform to the current year presentation.

# UNITED WAY OF METROPOLITAN ATLANTA, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2009 and 2008

### NOTE 1—NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Transfer of assets: United Way Atlanta (UWA) Holdings, LLC was formed June 19, 2003 by United Way as the sole member of LLC. UWA was established to serve the homeless community in metropolitan Atlanta. Prior to the 2009 fiscal year, all activity of the LLC was consolidated in the operations of United Way. As of July 1, 2008 the LLC (now known as the 24/7 Gateway Center LLC) became a separate 501(c)(3) organization and all assets related to the 24/7 Gateway Center were transferred to the new organization. The transfer of assets of \$5,567,000 is reflected in the accompanying 2009 statement of activities.

### NOTE 2—GIFTS-IN-KIND PROGRAM

Gifts-in-kind Atlanta is a program of United Way. Its primary mission is to provide donations that support operational costs for nonprofits. In addition, donations help to offset nonprofit administrative costs so additional funds are available to serve the community. Gifts-in-kind donations consist of office furniture, equipment, and supplies. All donations received by the United Way are recorded as Gifts-in-kind revenues and inventory at estimated fair market value when received. Items subsequently donated are released from inventory and recorded as Gifts-in-kind distributions when donated.

### NOTE 3—BENEFICIALLY OWNED FUNDS

The United Way is the beneficial owner of donated funds that are held and controlled by a community foundation. The underlying assets had an original principal balance of \$855,000 and a fair value of approximately \$695,000 and \$948,000, at June 30, 2009 and 2008, respectively. These funds are reflected in the consolidated statements of financial position at the estimated fair value of the beneficial interest in the future income to be received by the United Way using a 7.5% discount rate. As shown in Notes 1 and 4, the estimated fair value of the beneficial interest was approximately \$867,000 at June 30, 2009 and 2008. Subsequent adjustments, if any, to the estimated fair value of United Way's interest in the income will be reflected in permanently restricted investment income. Income received from the foundation each year is recognized as unrestricted interest income. Investment income received during the years ended June 30, 2009 and 2008 related to these funds was approximately \$51,023 and \$52,307, respectively.

### NOTE 4—RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2009 and 2008 have been restricted by donors to be spent as follows (in thousands):

	2009	2008
Facilities maintenance	\$ 84	\$ 88
Community childcare	12,052	10,058
Other direct assistance	8,738	6,503
Time restrictions	499	683
	<u>\$ 21,373</u>	<u>\$ 17,332</u>

**UNITED WAY OF METROPOLITAN ATLANTA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2009 and 2008**

**NOTE 4—RESTRICTED NET ASSETS—Continued**

Permanently restricted net assets include the principal amount of contributions accepted with the stipulation from the donor that the principal be maintained in perpetuity and only the income from the investment thereof be expended for purposes specified by the donor, if any.

Permanently restricted net assets as of June 30, 2009 and 2008 have been restricted by donors as follows (in thousands):

	<u>2009</u>	<u>2008</u>
Beneficial interest	\$ 867	\$ 867
Other direct assistance	<u>2,908</u>	<u>2,908</u>
	<u>\$ 3,775</u>	<u>\$ 3,775</u>

**NOTE 5—NET ASSETS RELEASED FROM RESTRICTION**

Net assets released from restrictions during the years ended June 30, 2009 and 2008 consisted of the following (in thousands):

	<u>2009</u>	<u>2008</u>
Temporarily Restricted:		
Community childcare	\$ 6,216	\$ 3,555
Other direct assistance	5,166	7,639
Time restrictions – Pacesetter campaign	<u>91</u>	<u>525</u>
	<u>\$ 11,473</u>	<u>\$ 11,719</u>

**NOTE 6—INVESTMENTS**

At June 30, 2009 and 2008, the estimated fair value of the United Way's investments were as follows (in thousands):

	<u>2009</u>	<u>2008</u>
Certificates of deposit	\$ 50	\$ 50
Mutual funds	<u>6,956</u>	<u>12,250</u>
	<u>\$ 7,006</u>	<u>\$ 12,300</u>

Investment income was generated from short-term investments (primarily interest income) and the United Way's beneficially owned funds (Note 3). Net unrealized losses on investments reflected in the statements of activities were generated from mutual fund investments.

**UNITED WAY OF METROPOLITAN ATLANTA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2009 and 2008**

**NOTE 7—RETIREMENT PLANS**

The United Way has an insured, noncontributory defined benefit pension plan for substantially all of its employees. The United Way's policy is to fund pension costs accrued, including amortization of prior service costs, over a 10-year period. The employees' retirement benefit is based on years of service and the employee's compensation during the highest consecutive 60 months out of the last 120 months of employment.

FASB Statement No. 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans* requires an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through changes in unrestricted net assets. This Statement also requires an employer to measure the funded status of a plan as of the date of its year-end statement of financial position.

The funded status of the United Way's defined pension plan as of June 30, 2009 and 2008 and amounts to be recognized as components of net periodic pension cost are shown below:

	<u>2009</u>	<u>2008</u>
Projected benefit obligation	\$ (9,714)	(8,899)
Plan assets at fair value	<u>6,184</u>	<u>6,797</u>
Funded status	<u>\$ (3,530)</u>	<u>\$ (2,102)</u>
Items not yet recognized as a component of net periodic pension cost:		
Transition obligation	\$ -	\$ -
Prior service cost	45	61
Net loss	<u>3,254</u>	<u>1,810</u>
	<u>\$ 3,299</u>	<u>\$ 1,871</u>

**UNITED WAY OF METROPOLITAN ATLANTA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2009 and 2008**

**NOTE 7—RETIREMENT PLANS - Continued**

At June 30, 2009, the United Way recognized a liability for the underfunded status of its defined benefit pension plan and adjusted the ending balance of unrestricted net assets for the transition obligation, prior service cost, and net loss that had not been recognized as components of net periodic pension cost.

Below is the reconciliation of items not yet recognized as a component of net periodic benefit cost and the estimated effect in the next fiscal year of items not yet reflected in net periodic benefit cost:

	<u>July 1, 2008</u>	<u>Reclassified As Net Periodic Benefit Cost</u>	<u>Amounts Arising During Period</u>	<u>June 30, 2009</u>
Reconciliation of items not yet reflected in net periodic benefit cost				
Transition obligation or asset	\$ -	\$ -	\$ -	\$ -
Net prior service cost or credit	61	(17)	-	44
Net (gain) or loss	1,810	(84)	1,528	3,254
		<u>July 1, 2009</u>	<u>Estimated Amounts to be Reclassified as Net Periodic Benefit Cost</u>	
Estimated effect in next fiscal year of items not yet reflected in net periodic benefit cost				
Transition obligation or asset		\$ -	\$ -	
Net prior service cost or credit		44		(14)
Net (gain) or loss		3,254		(248)

No plan assets are expected to be returned to the employer during the July 1, 2009 to June 30, 2010 fiscal year.

The following table sets forth the information related to the plan as of June 30, 2009 and 2008 and the related changes for the years then ended (in thousands):

	<u>2009</u>	<u>2008</u>
Benefit obligation at beginning of year	\$ 8,898	\$ 8,748
Service cost	545	534
Interest cost	603	557
Change due to assumption change	153	(360)
Actuarial gain (loss)	(74)	254
Expense charges	(20)	(20)
Benefits paid	<u>(391)</u>	<u>(814)</u>
Benefit obligation at end of year	<u>\$ 9,714</u>	<u>\$ 8,899</u>

**UNITED WAY OF METROPOLITAN ATLANTA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2009 and 2008**

**NOTE 7—RETIREMENT PLANS-Continued**

	2009	2008
Fair value of plan assets at beginning of the year	\$ 6,797	\$ 7,458
Actual return on plan assets	(914)	(404)
Employer contributions	712	576
Expense charges	(20)	(19)
Benefits paid	(391)	(814)
 Fair value of plan assets at end of the year	 \$ 6,184	 \$ 6,797
 Reconciliation of funded status		
Funded status	\$ (3,530)	\$ (2,102)
Unrecognized prior service cost	45	61
Unrecognized net loss	3,254	1,810
Net effect of adoption of recognition provisions of FASB Statement 158	(3,299)	(1,871)
 Liability for pension benefits	 \$ (3,530)	 \$ (2,102)

A liability for pension benefits of approximately \$3,530,000 and \$2,102,000 was included in accounts payable and accrued liabilities in the accompanying statement of financial position for fiscal years 2009 and 2008, respectively.

	2009	2008
Components of net periodic benefit cost		
Service cost	\$ 545	\$ 534
Interest cost	602	557
Actual return on assets	914	404
Amortization of prior service cost	17	21
Amortization of initial unrecognized net loss	84	33
Asset loss deferred	(1,450)	(973)
 Net periodic benefit cost charged to operating expense	 \$ 712	 \$ 576
 Weighted average assumptions as of June 30		
Discount rate	6.75 %	6.25 %
Post-retirement interest rate	5.50	5.50
Expected return on assets	8.00	8.00
Rate of compensation increase	6.00	6.00

**UNITED WAY OF METROPOLITAN ATLANTA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2009 and 2008**

**NOTE 7—RETIREMENT PLANS-Continued**

Approximate future benefit payments, reflecting expected future service, expected to be paid (in thousands):

2010	768
2011	677
2012	776
2013	885
2014	459
2015-2019	<u>5,114</u>
	<u>\$ 8,679</u>

Plan assets values (in thousands) and corresponding percentages by category at June 30, 2009 and 2008 were:

	2009		2008	
	Amount	Percentage	Amount	Percentage
Equity	\$ 3,660	59.2%	\$ 3,985	58.6%
Fixed income	1,228	19.8%	1,415	20.8%
General Account	<u>1,296</u>	<u>21%</u>	<u>1,397</u>	<u>20.6%</u>
	<u>6,184</u>	<u>100.0%</u>	<u>\$ 6,797</u>	<u>100.0%</u>

The expected long-term rate of return on plan assets assumption of 8.00% was selected using the "building block" approach described by the Actuarial Standards Board in Actuarial Standards of Practice No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. Based on United Way's investment allocation for the pension plan in effect as of the beginning of fiscal year, a best estimate range was determined for both the real rate of return (net of inflation) and for inflation based on historical 30 year period rolling averages. An average inflation rate within the range equal to 3.75% was selected and added to the real rate of return range to arrive at a best estimate range of 7.63% - 9.36%. A rate of 8.00% which is within the best estimate range was selected.

The United Way expects to pay approximately \$600,000 of contributions to the plan during the year ending June 30, 2010.

The United Way's investment strategy is to invest 60% of the funds in equity securities and 40% in bonds and fixed income securities.

The United Way has a savings plan in which it matches, subject to IRC limitations, one-half of employee contributions up to 6% of gross pay. The United Way also contributes 2% of gross pay to that plan for all employees with at least one year of service. The United Way contributed and charged to expense approximately \$347,574 and \$307,891 in 2009 and 2008, respectively, under this plan.

## UNITED WAY OF METROPOLITAN ATLANTA, INC.

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2009 and 2008

#### NOTE 8—NOTES PAYABLE AND OTHER OBLIGATIONS

At June 30, 2009 and 2008, the United Way had the following debt obligations outstanding (in thousands):

	<u>2009</u>	<u>2008</u>
Line of Credit	\$ 1,069	\$ 1,372
Note payable	1,236	1,523
Note payable	806	931
Bond payable	<u>6,400</u>	<u>6,700</u>
	<u>\$ 9,511</u>	<u>\$ 10,526</u>

During fiscal year 1995, the United Way constructed a parking deck to accommodate the needs of tenants, volunteers, and visitors. This project was financed with several unsecured lines of credit, which have all been converted to term debt in the form of notes payable. At June 30, 2009 and 2008, respectively, the United Way had outstanding borrowings of approximately \$2,042,000 and \$2,454,000 under these arrangements with maturity dates ranging from March 31, 2010 to August 15, 2012. The contractual interest rate on one note is 30-day LIBOR plus 0.5%, which was 2.54% and 5.62% at June 30, 2009 and 2008, respectively. The contractual interest rate on the other note is fixed at 6.49%. The estimated fair values of these financial instruments approximate their carrying values.

Under the terms of these debt arrangements, the United Way must comply with certain covenants, including maintaining a minimum nonpermanently restricted net asset balance of \$20,000,000 and shall not exceed a maximum ratio of 3 to 1 for debt to total net worth. As of June 30, 2009 and 2008, the United Way was in compliance with these requirements.

The United Way has a \$5,000,000 available line of credit with SunTrust Bank. The line of credit interest rate is the lower of the Prime Rate or 30-day LIBOR plus .5% and matures on March 31, 2010. The interest rate on the line at June 30, 2009 and 2008 was 1.82% and 2.96%, respectively. At June 30, 2009 and 2008, the line of credit had \$1,069,000 and \$1,372,000 in outstanding borrowings, respectively.

In June 1999, the United Way issued \$9,000,000 of tax-exempt revenue bonds and received net proceeds of \$8,837,367 after payment of issuance costs of \$162,633. The net proceeds of this bond issuance were used to fund capital expenditures related to the Charles R. Loudermilk, Sr. Center for Regional Community, which consists of a conference center, office space, and attached parking deck. These capital expenditures serve as the collateral and had a net book value of approximately \$5,612,000 as of June 30, 2009. The contractual interest rate is based on the Bond Market Association Index, which is based on the interest rate of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meet certain criteria established by the Bond Market Association. The bonds mature from June 1, 2000 to June 1, 2024. To redeem the bonds, United Way must make 300 consecutive monthly payments to the bank on the first day of each month for deposit into a redemption fund. Amounts in the redemption fund are to be used by the bank to redeem the bonds as they become due.

# UNITED WAY OF METROPOLITAN ATLANTA, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2009 and 2008

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### NOTE 8—NOTES PAYABLE AND OTHER OBLIGATIONS- Continued

Under the terms of the bond issuance agreement, the United Way is required to not exceed a maximum ratio of 1.75 to 1 for total liabilities to total net worth. The United Way is also required to maintain as of June 30 and December 31 of each year unrestricted cash, cash equivalents, and investments of not less than \$13,000,000.

During 2000, the United Way entered into another interest rate swap agreement to reduce the potential impact of future changes in interest rates on the 1999 bond issuance. The economic substance of the agreement was to effectively convert the interest rate from a variable to a fixed rate of 5.15%. The notional amount of the swap was \$1,900,000 and \$2,200,000 as of June 30, 2009 and 2008, respectively. Any payments made or received under this swap agreement are recognized when due as an increase or decrease in the related interest expense. This agreement expires June 30, 2014.

The United Way holds this derivative financial instrument for the purpose of hedging the risk of variability of cash flows caused by changes in interest rates. The derivative is held only for the purposes of hedging such risk, not for speculation. The fair value of the interest rate swap was a liability of approximately \$(189,000) and \$(166,000) as of June 30, 2009 and 2008, respectively (included in accounts payable and accrued liabilities) and the change in fair value of approximately \$23,000 and \$36,000 in 2009 and 2008, respectively, is included in interest expense in the accompanying statements of activities.

Approximate annual debt service payments as of June 30, 2009, excluding interest, are payable as follows (in thousands):

2010	\$1,470
2011	788
2012	815
2013	469
2014	400
2015 through 2019	2,000
2020 through 2024	<u>2,500</u>
	<u>\$ 8,442</u>

# UNITED WAY OF METROPOLITAN ATLANTA, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2009 and 2008

### NOTE 9—COMMITMENTS AND CONTINGENCIES

The United Way is subject to legal and other claims related to the normal course of business. In the opinion of management, there are no legal claims or other matters that, upon resolution, may result in a material impact on the United Way's financial position.

Commitments to allocate funds to United Way agencies and other allocations are dependent on the results of United Way's Campaigns. The United Way historically provides agencies with anticipated funding commitments in advance and generally funds those commitments on a monthly basis. Such commitments are subject to adjustment based on final Campaign results, including subsequent collections.

Federal programs are subject to financial and compliance audits by grantor agencies which, if instances of material noncompliance are found, may result in disallowed expenditures and affect the United Way's continued participation in specific programs. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although the United Way expects such amounts, if any, to be immaterial.

### NOTE 10—OPERATING LEASE COMMITMENTS-LESSORS

The United Way leases office space to tenants under non-cancelable operating leases with terms of one to six years. The following is a schedule by year of future minimum rentals under the leases as of June 30, 2009 (in thousands):

2010	\$	1,835
2011		1,089
2012		1,053
2013		953
2014 and beyond		<u>9,844</u>
	\$	<u>14,774</u>

The value of the property under lease consists of the following:

Building	\$	39,711
Accumulated Depreciation		<u>(23,760)</u>
	\$	<u>15,951</u>

### NOTE 11—FAIR VALUES OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

UNITED WAY OF METROPOLITAN ATLANTA, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2009 and 2008

**NOTE 11—FAIR VALUES OF FINANCIAL INSTRUMENTS—Continued**

Fair value approximates book value for the following financial instruments due to their short-term nature: cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses.

Fair values for marketable debt and equity securities are based on quoted market prices. If a quoted market price is not available, fair value is estimated using market prices for similar securities. Fair value for alternative investments is based upon financial information provided by external investment partners.

**NOTE 12—FAIR VALUE MEASUREMENTS OF ASSETS AND LIABILITIES**

Effective July 1, 2008, the Organization adopted the provisions of SFAS Statement No. 157, *Fair Value Measurements*, for financial assets and liabilities measured at fair value. This statement requires fair value measurements be classified and disclosed in one of the following three categories ("Fair Value Hierarchy"):

- Level 1: Financial instruments with unadjusted, quoted prices listed on active market exchanges for identical investments at the reporting date. The types of investments which would generally be included in Level 1 are listed equity securities.
- Level 2: Financial instruments valued using pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable at the reporting date. Fair value is determined through use of models or other valuation methodologies. The types of investments which would generally be included in Level 2 are governmental and corporate bonds and loans.
- Level 3: Financial instruments that are not actively traded on a market exchange and require using significant unobservable inputs in determining fair value. The inputs into the determination of fair value require significant judgment or estimation by the Investment Manager. The types of investments which would generally be included in Level 3 are common trust funds, hedge funds, general and limited partnership interests in corporate and private equity and real estate funds, and interest in pooled investments held by a third party.

The following table summarizes the valuation of the Organization's financial assets and liabilities measured at fair value on a recurring basis at June 30, 2009, based on the level of input utilized to measure fair value:

Description	Fair Value Measurements at June 30, 2009 using:		
	Level 1	Level 2	Level 3
Investments:			
Certificates of deposit	\$ 50	\$ -	\$ -
Mutual funds	6,956	-	-
Beneficially owned funds	-	-	867
Total investments	<u>\$ 7,006</u>	<u>\$ -</u>	<u>\$ 867</u>

**UNITED WAY OF METROPOLITAN ATLANTA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2009 and 2008**

**NOTE 13—ENDOWMENT FUNDS**

Effective July 1, 2008, the Organization adopted the provisions of FASB Staff Position No. 117-1, *Endowments of Not-for Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* ("FSP 117-1"). FSP 117-1 provides guidance on the net asset classification of donor restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") and also required disclosures about endowments funds.

United Way's endowment consists of eight individual funds established for a variety of purposes that are invested locally with institutions. The endowment consists of donor-restricted endowment funds and unrestricted funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment net asset composition by type of fund for the investment portion of the endowment as of June 30, 2009 and 2008 is listed below.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>June 30, 2009 (in thousands):</u>				
Donor-restricted endowment funds	\$ -	\$ -	\$ 3,775,000	\$ 3,775,000
Unrestricted funds	<u>\$ 4,098,367</u>	<u>-</u>	<u>-</u>	<u>\$ 4,098,367</u>
Total funds	<u>\$ 4,098,367</u>	<u>\$ -</u>	<u>\$ 3,775,000</u>	<u>\$ 7,873,367</u>
<u>June 30, 2008 (in thousands):</u>				
Donor-restricted endowment funds	\$ -	\$ 2,039	\$ 3,775,000	\$3,777,039
Unrestricted funds	<u>9,390,157</u>	<u>-</u>	<u>-</u>	<u>9,390,157</u>
Total funds	<u>\$ 9,390,157</u>	<u>\$ 2,039</u>	<u>\$ 3,775,000</u>	<u>\$13,167,196</u>

The Board of Directors of United Way has interpreted the UPMIFA as requiring, absent explicit donor stipulations to the contrary, that the following amounts included in the endowment be classified as permanently restricted: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund be classified as permanently restricted. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by United Way in a manner consistent with the standard of prudence prescribed by UPMIFA or spent in accordance with the purpose restrictions established by the donor.

# UNITED WAY OF METROPOLITAN ATLANTA, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2009 and 2008

### NOTE 13—ENDOWMENT FUNDS—Continued

In accordance with UPMIFA, United Way considers the following factors in making a determination to appropriate or accumulate donor-restricted endowments funds:

1. The duration and preservation of the fund.
2. The purposes of United Way and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of United Way.
7. The investment policies of United Way.

The Finance Committee of United Way and ultimately United Way adopted a revised investment policy and spending policy in June 2009. The policy seeks to preserve capital, control risk to ensure that the risk assumed is commensurate with the given investment style and objectives, and adhere to the discipline set forth in the policy. United Way of Metropolitan Atlanta, Inc. will endeavor to ensure, to the degree reasonably possible, that the endowment funds with which it is entrusted keep pace with inflation so that the original purpose of the donor(s) in establishing the endowment fund can be met in perpetuity. Authorized expenditures during the organization's current fiscal year shall be five percent (5.0%) of the average total market value of the endowment for the trailing three-year period ending December 31. In the event the average annualized total return for the trailing three-year period fails to equal or exceed 5.0%, the United Way shall distribute net income (defined as interest, dividends and other income receipts from investments less expenses) until such time as the trailing three year return equal or exceeds 5.0% again. In making distributions, the United Way shall execute upon the approval of the Finance Committee and the Board to use both the net income and net capital appreciation (defined as realized and unrealized appreciation in the fair market value of the investments) in excess of the fund's historic dollar value (i.e. corpus). Accordingly, United Way has adopted the following investment allocation guidelines:

The equity and alternative portion shall represent between 50% and 70% of the total portfolio with a target of 60% and will be invested as follows:

	Low	High
Large Company Stocks	20%	40%
Mid-cap Company Stocks	2%	15%
Small Cap Company Stocks	2%	15%
International Stocks	2%	20%
Alternatives (total investments)	3%	15%

The fixed income (bond) portion shall represent between 25% and 45% of the total portfolio with a target of 40% and shall consist of primarily investment grade US or Foreign corporate debt securities, US Treasury or Foreign Government obligations, assets and mortgage-backed securities.

**UNITED WAY OF METROPOLITAN ATLANTA, INC.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2009 and 2008**

**NOTE 13—ENDOWMENT FUNDS—Continued**

Changes in the investment portion of the endowment net assets for the year ended June 30, 2009 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2008	\$ 9,390,157	\$ 2,039	\$ 3,775,000	\$13,167,196
Transfer of investments to cash	(3,522,920)	24	-	(3,522,896)
Investment return (loss):				
Investment return, net of expenses	180,060	(1,363)		178,697
Realized and unrealized losses	<u>(1,948,930)</u>	<u>(700)</u>	-	<u>(1,949,630)</u>
Total investment loss	<u>(1,768,870)</u>	<u>(2,063)</u>	-	<u>(1,770,933)</u>
Endowment net assets, June 30, 2009	<u>\$ 4,098,367</u>	<u>\$ -</u>	<u>\$ 3,775,000</u>	<u>\$ 7,873,367</u>

Changes in the investment portion of the endowment net assets for the year ended June 30, 2008 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, July 1, 2007	\$10,193,394	\$ 4,405	\$3,775,000	\$13,972,799
Transfer of investments to cash	(10,168)	(557)		(10,725)
Investment return (loss):				
Investment return, net of expenses	321,578	(789)	-	320,789
Realized and unrealized losses	<u>(1,114,647)</u>	<u>(1,020)</u>	-	<u>(1,115,667)</u>
Total investment loss	<u>(793,069)</u>	<u>(1,809)</u>	-	<u>(794,878)</u>
Endowment net assets, June 30, 2008	<u>\$ 9,390,157</u>	<u>\$ 2,039</u>	<u>\$3,775,000</u>	<u>\$13,167,196</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the amount recorded by the Organization as permanently restricted net assets (corpus). The amount by which fair value was below corpus at June 30, 2009 was \$196,876. This resulted from unfavorable market fluctuations during the fiscal year 2009. At June 30, 2008, the fair value of each individual fund exceeded corpus.

**UNITED WAY OF METROPOLITAN ATLANTA, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2009**

Federal Grantor/Program Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Health and Human Services		
<i>Direct programs</i>		
IDA Home Ownership Program	93.602	\$30,000
Children's Trust	93.590	73,995
Family and Child Services	93.558	25,000
Temporary Assistance for Needy Families	93.558	323,522
Early Child Comprehensive Systems	93.110	4,141
<i>Pass Through</i>		
Georgia Afterschool Investment Council	93.558	<u>90,000</u>
Total U.S. Department of Health and Human Services		<u>546,658</u>
U.S. Department of Education		
<i>Direct programs</i>		
Office of Elementary and Secondary Education- Early Reading First	84.359	3,418,893
Communities in Schools	84.310	<u>79,518</u>
Total U.S. Department of Education		<u>3,498,411</u>
Total Expenditures of Federal Awards		<u>4,045,069</u>
Georgia Department of Community Affairs		
<i>State Award</i>		
Emergency Shelter Operations		<u>30,000</u>
Total Georgia Department of Community Affairs		30,000
Georgia Governor's Office of Children and Families		
<i>State Award</i>		
Regional Support Networks		<u>28,316</u>
Total Georgia Governor's Office of Children and Families		28,316
Total Expenditures of State Awards		<u>58,316</u>
<b>Total Expenditures of Federal and State Awards</b>		<b><u>\$ 4,103,385</u></b>

**UNITED WAY OF METROPOLITAN ATLANTA, INC.**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

**For the Year Ended June 30, 2009**

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**NOTE 1—BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the United Way of Metropolitan Atlanta, Inc. (the "United Way") for the year ended June 30, 2009 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements.

**NOTE 2— CONTINGENCIES**

These Federal and State programs are subject to financial and compliance audits by grantor agencies which, if instances of material noncompliance are found, may result in disallowed expenditures and affect the United Way's continued participation in specific programs. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although the United Way expects such amounts, if any, to be immaterial.



**Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

The Board of Directors  
United Way of Metropolitan Atlanta, Inc.  
Atlanta, Georgia

We have audited the consolidated financial statements of the United Way of Metropolitan Atlanta, Inc. (the "United Way"), as of and for the year ended June 30, 2009, and have issued our report thereon dated December 14, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the United Way's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the United Way's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the United Way's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the consolidated financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the United Way's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, other within the United Way, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cherry, Bekaert & Holland, L.L.P.

Atlanta, Georgia  
December 14, 2009



**Report on Compliance with Requirements Applicable to  
Each Major Program and on Internal Control over Compliance in Accordance with  
OMB Circular A-133**

The Board of Directors  
United Way of Metropolitan Atlanta, Inc.  
Atlanta, Georgia

**Compliance**

We have audited the compliance of the United Way of Metropolitan Atlanta, Inc. (the "United Way") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The United Way's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the United Way's management. Our responsibility is to express an opinion on the United Way's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the United Way's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the United Way's compliance with those requirements.

In our opinion, the United Way complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

**Internal Control Over Compliance**

The management of the United Way is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the United Way's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the United Way's internal control over compliance.

A control deficiency is an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, other within the United Way, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Cherry, Bekaert & Holland, L.L.P.*

Atlanta, Georgia  
December 14, 2009

**UNITED WAY OF METROPOLITAN ATLANTA, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2009**

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**SUMMARY OF AUDITORS' RESULTS**

1. The Report of Independent Auditors on the consolidated financial statements expressed an unqualified opinion.
2. There were no material weaknesses or significant deficiencies that are not considered to be material weaknesses identified in internal control over financial reporting disclosed in the audit of the consolidated financial statements.
3. No instances of noncompliance material to the consolidated financial statements were disclosed during the audit of the consolidated financial statements.
4. No material weaknesses or significant deficiencies that are not considered to be material weaknesses identified related to internal control over compliance applicable to the major federal award programs were disclosed during the audit of the consolidated financial statements.
5. The report on compliance for major programs expressed an unqualified opinion.
6. The audit disclosed no findings that are required to be reported in accordance with section 510(a) of OMB Circular A-133.
7. The major programs of United Way of Metropolitan Atlanta, Inc. were:
  - 84.359 Early Reading First
8. The dollar threshold for Type A programs was \$300,000.
9. United Way of Metropolitan Atlanta, Inc. qualified as a low risk auditee.

**FINANCIAL STATEMENT FINDINGS**

None Noted

**FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None Noted

**UNITED WAY OF METROPOLITAN ATLANTA, INC.**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

**For the Year Ended June 30, 2009**

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There were no prior year findings.

**UNITED WAY OF METROPOLITAN ATLANTA, INC.**

**Exhibit 1**

**For the Year Ended June 30, 2009**

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**MANAGEMENT CERTIFICATIONS**

In connection with the consolidated financial statements of the United Way of Metropolitan Atlanta, Inc. (the "United Way") for the years ended June 30, 2009 and 2008, the undersigned, Milton J. Little, Jr., President and Chief Executive Officer and Mark Sutton, Chief Financial Officer, do hereby certify, that:

1. I have reviewed the consolidated financial statements of the United Way.
2. I am responsible for adopting sound accounting policies, establishing and maintaining internal control, and preventing and detecting fraud. I have designed such policies and internal controls and procedures, or caused such policies and internal controls to be designed under my supervision, to ensure that material information relating to the United Way is made known to me by others within the United Way during the period in which this report is being prepared;
3. The consolidated financial statements and other information contained in this report fairly present, in all material respects, the financial position and results of activities and cash flows of the United Way as of, and for, the periods presented in this report.
4. I have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the United Way's auditors and the audit committee of the United Way's board of directors:
  - a) all significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the United Way's ability to record, process, summarize and report financial information; and
  - b) there is no fraud that involves management or other employees who have a significant role in the United Way's internal control over financial reporting.

By: \_\_\_\_\_

Milton J. Little, Jr.  
President/Chief Executive Officer  
December 14, 2009

By: \_\_\_\_\_

Mark Sutton  
Chief Financial Officer  
December 14, 2009