

UNITED WAY OF DENTON COUNTY, INC.

ANNUAL FINANCIAL REPORT

March 31, 2012

UNITED WAY OF DENTON COUNTY, INC.
ANNUAL FINANCIAL REPORT
March 31, 2012 and 2011

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Statements of Financial Position	2
Statements of Activities	3 - 4
Statements of Cash Flows	5
Statements of Functional Expenses	6 - 7
Notes to Financial Statements	8 - 14

FREEMON, SHAPARD & STORY

Certified Public Accountants


Independent Auditors' Report

To The Board of Directors
United Way of Denton County, Inc.
Denton, Texas

We have audited the accompanying statements of financial position of United Way of Denton County, Inc. as of March 31, 2012 and 2011, and the related statements of activities, cash flows, and functional expenses 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Denton County, Inc. as of March 31, 2012 and 2011, 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.


Freemon, Shapard & Story
Wichita Falls, Texas

June 13, 2012

UNITED WAY OF DENTON COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
March 31, 2012 and 2011

Assets	2012	2011
Current Assets		
Cash and cash equivalents	\$ 742,971	\$ 669,059
Pledges receivable, net - Note 2	890,800	1,054,535
Prepaid expenses	10,550	7,347
Grant receivable - Note 10	3,750	
Total current assets	1,648,071	1,730,941
Property and equipment - Note 3		
Office equipment and furniture	140,348	153,373
Less accumulated depreciation	(117,483)	(129,049)
Total property and equipment	22,865	24,324
Total assets	\$ 1,670,936	\$ 1,755,265
 Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 5,391	\$ 8,996
Designated funds payable - Note 5	315,149	339,389
Total liabilities	320,540	348,385
 Net assets		
Unrestricted		
Unappropriated - available for general activities	(186,210)	(58,303)
Memorial fund	91,823	91,407
Building fund - appropriated	11,000	11,000
Office equipment - appropriated	40,600	47,108
Technology fund - appropriated	8,084	13,544
Gertrude Gibson - appropriated	86,154	86,154
Special event fund - appropriated	5,557	5,488
Three months operating - appropriated	402,588	155,947
Total unrestricted net assets	459,596	352,345
Temporarily restricted - Note 8		
Time restricted	890,800	1,054,535
Total net assets	1,350,396	1,406,880
Total liabilities and net assets	\$ 1,670,936	\$ 1,755,265

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

UNITED WAY OF DENTON COUNTY, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended March 31, 2012 and 2011

	2012		
	Unrestricted	Temporarily Restricted	Total
Public support and revenue			
Gross campaign results	\$ 517,987	\$ 1,021,554	\$ 1,539,541
Gross campaign results in prior year released from restriction	<u>1,192,798</u>	<u>(1,185,289)</u>	<u>7,509</u>
Total campaign results	<u>1,710,785</u>	<u>(163,735)</u>	<u>1,547,050</u>
Less provision for uncollectible	<u>(231,889)</u>		<u>(231,889)</u>
Net campaign revenue	<u>1,478,896</u>	<u>(163,735)</u>	<u>1,315,161</u>
Other revenue			
Special events	37,791		37,791
Other contributions	40,140		40,140
Service fees	46,626		46,626
Interest income	<u>3,787</u>		<u>3,787</u>
Total public support and revenue	<u>1,607,240</u>	<u>(163,735)</u>	<u>1,443,505</u>
Expenses			
Program services			
Funds awarded/distributed	936,316		936,316
Community capacity building	172,862		172,862
Community education	98,839		98,839
I&R research	<u>47,985</u>		<u>47,985</u>
Total program services	<u>1,256,002</u>		<u>1,256,002</u>
Supporting services			
Organizational administration	85,760		85,760
Campaign	<u>158,227</u>		<u>158,227</u>
Total supporting services	<u>243,987</u>		<u>243,987</u>
Total expenses	<u>1,499,989</u>		<u>1,499,989</u>
Change in net assets	107,251	(163,735)	(56,484)
Net assets, beginning of year	<u>352,345</u>	<u>1,054,535</u>	<u>1,406,880</u>
Net assets, end of year	<u>\$ 459,596</u>	<u>\$ 890,800</u>	<u>\$ 1,350,396</u>

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

UNITED WAY OF DENTON COUNTY, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended March 31, 2012 and 2011

	2011		
	Unrestricted	Temporarily Restricted	Total
Public support and revenue			
Gross campaign results	\$ 264,976	\$ 1,192,798	\$ 1,457,774
Gross campaign results in prior year released from restriction	<u>1,468,060</u>	<u>(1,458,205)</u>	<u>9,855</u>
Total campaign results	<u>1,733,036</u>	<u>(265,407)</u>	<u>1,467,629</u>
Less provision for uncollectible	<u>(162,000)</u>		<u>(162,000)</u>
Net campaign revenue	<u>1,571,036</u>	<u>(265,407)</u>	<u>1,305,629</u>
Other revenue			
Special events	26,223		26,223
Other contributions	41,513		41,513
Service fees	49,504		49,504
Interest income	<u>6,316</u>		<u>6,316</u>
Total public support and revenue	<u>1,694,592</u>	<u>(265,407)</u>	<u>1,429,185</u>
Expenses			
Program services			
Funds awarded/distributed	1,419,636		1,419,636
Community capacity building	182,117		182,117
Community education	97,712		97,712
I&R research	<u>29,734</u>		<u>29,734</u>
Total program services	<u>1,729,199</u>		<u>1,729,199</u>
Supporting services			
Organizational administration	76,739		76,739
Campaign	<u>143,375</u>		<u>143,375</u>
Total supporting services	<u>220,114</u>		<u>220,114</u>
Total expenses	<u>1,949,313</u>		<u>1,949,313</u>
Change in net assets	(254,721)	(265,407)	(520,128)
Net assets, beginning of year	<u>607,066</u>	<u>1,319,942</u>	<u>1,927,008</u>
Net assets, end of year	<u>\$ 352,345</u>	<u>\$ 1,054,535</u>	<u>\$ 1,406,880</u>

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

UNITED WAY OF DENTON COUNTY, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended March 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flow from operating activities		
Change in net assets	\$ (56,484)	\$ (520,128)
Adjustments to reconcile net income to net cash		
Depreciation expense	17,735	22,783
(Increase) decrease in promises to give	163,735	265,407
(Increase) decrease in prepaid expenses	(3,203)	869
(Increase) decrease in grant receivable	(3,750)	16,000
Increase (decrease) in accounts payable	<u>(27,845)</u>	<u>(67,103)</u>
Net cash used by operating activities	90,188	(282,172)
 Cash flow from investing activities		
Acquisition of property and equipment	<u>(16,276)</u>	<u>(3,083)</u>
	(16,276)	(3,083)
 Net increase in cash and cash equivalents	73,912	(285,255)
 Cash and cash equivalents, beginning of year	<u>669,059</u>	<u>954,314</u>
 Cash and cash equivalents, end of year	<u>\$ 742,971</u>	<u>\$ 669,059</u>
 Supplemental data:		
Noncash operating activities:		
In-kind donations	<u>\$ 25,328</u>	<u>\$ 28,530</u>

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

UNITED WAY OF DENTON COUNTY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended March 31, 2012 and 2011

2012

	Support Services									
	Program Services					Support Services				
	Allocation Services	Community Capacity Building	Community Education	I&R Research	Total Program Services	Organizational Administration	Campaign	Total Support Services	Total	Total
Allocations and awards	\$ 857,966	\$	\$	\$	\$ 857,966	\$	\$	\$	\$	\$ 857,966
Total allocation and awards	857,966				857,966					857,966
Salaries and wages	30,464	59,379	61,441	39,869	191,153	51,421	83,401	134,822	325,975	325,975
Payroll taxes	2,669	3,991	6,204	1,392	14,256	3,875	6,346	10,221	24,477	24,477
Employee benefits	8,646	12,566	17,913	4,875	44,000	9,827	18,531	28,358	72,358	72,358
Total payroll expenses	41,779	75,936	85,558	46,136	249,409	65,123	108,278	173,401	422,810	422,810
Contract services	3,164	2,285			5,449	8,788	3,339	12,127	17,576	17,576
Supplies	2,719	8,103	488	18	11,328	625	3,473	4,098	15,426	15,426
Postage and shipping	785	2,533	1,432	298	5,048	192	825	1,017	6,065	6,065
Telephone and networks	816	3,404	225		4,445	91	954	1,045	5,490	5,490
Occupancy	7,738	23,696			31,434	2,194	9,457	11,651	43,085	43,085
Equipment rental and maintenance	3,670	10,436	410	641	15,157	1,351	4,390	5,741	20,898	20,898
Printing	3,888	9,854	975	75	14,792	1,076	6,402	7,478	22,270	22,270
Travel	1,461	2,585	107	20	4,173	261	843	1,104	5,277	5,277
Conferences and meetings	223	931			1,154	61	231	292	1,446	1,446
Insurance	758	1,823	228		2,809	783	757	1,540	4,349	4,349
Awards	280	681	60		1,021	56	199	255	1,276	1,276
Dues	777	2,511	122		3,410	25	774	799	4,209	4,209
Other	322	850	39		1,211	3,952	550	4,502	5,713	5,713
Special events	746	902	250		1,898	8	767	775	2,673	2,673
In-kind expenses	1,953	4,339	8,945	797	16,034	287	9,007	9,294	25,328	25,328
United Way of America dues	3,213	9,640			12,853		3,213	3,213	16,066	16,066
United Way of Texas dues	866	2,599			3,465		866	866	4,331	4,331
Total expenses before depreciation	75,158	163,108	98,839	47,985	385,090	84,873	154,325	239,198	624,288	624,288
Depreciation	3,192	9,754			12,946	887	3,902	4,789	17,735	17,735
Total expenses	\$ 936,316	\$ 172,862	\$ 98,839	\$ 47,985	\$ 1,256,002	\$ 85,760	\$ 158,227	\$ 243,987	\$ 1,499,989	\$ 1,499,989

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

UNITED WAY OF DENTON COUNTY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended March 31, 2012 and 2011

2011

	Program Services					Support Services				Total
	Allocation Services	Community Capacity Building	Community Education	I&R Research	Total Program Services	Organizational Administration	Campaign	Support Services	Total	
Allocations and awards	\$ 1,336,128	\$	\$	\$	\$ 1,336,128	\$	\$	\$	\$	\$ 1,336,128
Total allocation and awards	1,336,128				1,336,128					1,336,128
Salaries and wages	31,572	49,567	73,310	22,140	176,589	44,517	67,981	112,498	289,087	
Payroll taxes	2,585	3,434	5,542	1,645	13,206	3,357	4,979	8,336	21,542	
Employee benefits	7,595	10,950	15,788	4,570	38,903	8,022	15,957	23,979	62,882	
Total payroll expenses	41,752	63,951	94,640	28,355	228,698	55,896	88,917	144,813	373,511	
Contract services	3,141	2,269			5,410	8,725	3,316	12,041	17,451	
Supplies	3,474	10,618		160	14,252	797	5,073	5,870	20,122	
Postage and shipping	874	2,941	2,083	445	6,343	224	897	1,121	7,464	
Telephone and networks	775	2,475			3,250	86	1,120	1,206	4,456	
Occupancy	8,178	24,989			33,167	2,272	9,996	12,268	45,435	
Equipment rental and maintenance	2,313	6,631		341	9,285	643	2,924	3,567	12,852	
Printing	5,418	14,181		412	20,011	1,483	8,611	10,094	30,105	
Travel	1,316	2,841			4,157	187	760	947	5,104	
Conferences and meetings	491	1,599	55	21	2,166	157	690	847	3,013	
Insurance	703	1,720	218		2,641	741	740	1,481	4,122	
Awards	395	978	60		1,433	83	277	360	1,793	
Dues	978	3,796			4,774	133	931	1,064	5,838	
Other	142	791	25		958	3,641	454	4,095	5,053	
Special events	509	1,866	630		3,005		452	452	3,457	
In-kind expenses	4,528	14,682	1		19,211	532	8,785	9,317	28,528	
United Way of America dues	3,450	10,349			13,799		3,450	3,450	17,249	
United Way of Texas dues	970	2,909			3,879		970	970	4,849	
Total expenses before depreciation	79,407	169,586	97,712	29,734	376,439	75,600	138,363	213,963	590,402	
Depreciation	4,101	12,531			16,632	1,139	5,012	6,151	22,783	
Total expenses	\$ 1,419,636	\$ 182,117	\$ 97,712	\$ 29,734	\$ 1,729,199	\$ 76,739	\$ 143,375	\$ 220,114	\$ 1,949,313	

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

UNITED WAY OF DENTON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2012 and 2011

1. Nature of Activities and Summary of Significant Accounting Policies

The nature of activities and summary of significant accounting policies of United Way of Denton County, Inc. (the Organization) is presented to assist in understanding the Organization's financial statements. The management of the Organization is responsible for the accuracy and internal consistency of the preparation of the financial statements and notes contained in this annual report.

Nature of Activities - The United Way of Denton County, Inc. serves as a catalyst to facilitate the organized effort of the community to identify and address the existing and emerging human needs of its people. The organization is supported primarily through donor contributions.

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Financial statement presentation follows the requirements of FASB ASC 958-210, *Not-for-Profit Entities-Balance Sheet*, and FASB ASC 958-225, *Not-for-Profit Entities-Income Statement*. Under those provisions, net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

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

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

Permanently restricted net assets - Net assets are subject to donor-imposed stipulations that will be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. At March 31, 2012 and 2011 the Organization did not have permanently restricted net assets.

Cash and Cash Equivalents - Cash and cash equivalents consist of cash held in checking and money market accounts and certificates of deposit with maturities of twelve months or less. All certificates of deposit are considered short-term investments.

Support and Promises to Give - Annual campaigns are conducted to raise support for allocation to participating agencies in the current and subsequent year. Unconditional promises to give that are expected to be collected within one year are recognized as revenue when the promise to give is made, in accordance with FASB ASC 958-205-45, *Not-for-Profit Entities-Presentation of Financial Statements-Other Presentation Matters* and FASB ASC 958-210-20, *Not-for-Profit Entities-Balance Sheet-Glossary*. All support is considered available for unrestricted use or temporarily restricted due to time restrictions, unless specifically restricted by the donor. Promises to give are recorded as received, and allowances are provided for amounts estimated as uncollectible. All allowance for uncollectible pledges is established by the United Way Management based on past collection experience and current economic conditions.

Donor restricted pledges are not recognized as revenue as the Organization acts as an intermediary between the donor and the ultimate beneficiary only as required by FASB ASC 958-605, *Not-for-Profit Entities-Revenue Recognition*. The SECC campaign and all specific donor designated donations fall under this designation.

UNITED WAY OF DENTON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
March 31, 2012 and 2011

1. Nature of Activities and Summary of Significant Accounting Policies - Continued

Contributions – The Organization’s success in conducting its mission is highly dependent on attracting committed volunteers. A substantial number of volunteers have donated significant amounts of their time in the Organization’s management and fund raising campaigns during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills. Donated property and professional services are recorded at their estimated fair market value at the date of the gift.

Property and Equipment - Property and equipment are stated at cost, or if donated, the approximate fair market value at the date of donation, less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years. Expenditures for new construction, major renewals and replacements, and equipment are capitalized.

Functional expenses – The Organization allocates its expenses on a functional basis among its program and supporting services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated on estimates made by the Organization’s management.

Income Taxes - The Organization is a not-for-profit corporation and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and from Texas franchise and sales and use taxes. In addition, contributions to the Organization qualify for the charitable contribution deduction under IRC Section 170(b)(1)(A). United Way of Denton County, Inc. has been classified as an organization that is not a private foundation under IRC Section 509(a)(2).

The Organization applies the provisions of FASB ASC 740, *Income Taxes* related to the accounting for uncertainty in income taxes (previously known as FIN 48), which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This standard also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. For the years ended December 31, 2012 and 2011, the organization does not believe it currently holds any uncertain tax positions, therefore no recognition of uncertain tax positions is reflected in the financial statements. There was no unrelated business income for the years ended March 31, 2012 and 2011, and as a result, there was no income tax liability.

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 estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising costs – Advertising costs are expensed as incurred.

UNITED WAY OF DENTON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
 March 31, 2012 and 2011

2. Pledges Receivable

Pledges receivable at March 31, 2012 and 2011 consisted of the following promises and the expected time of collection:

	2012	2011
Pledges receivable (in less than one year)	\$ 1,079,235	\$ 1,272,616
Less allowance for uncollectible pledges	(188,435)	(218,081)
Pledges receivable, net	\$ 890,800	\$ 1,054,535

3. Property and Equipment

Property and equipment consist of the following at March 31, 2012 and 2011:

	2012	2011
Office furniture, equipment and improvements	\$ 140,348	\$ 153,373
Less accumulated depreciation	(117,483)	(129,049)
Total office furniture, equipment and improvements	\$ 22,865	\$ 24,324

4. Contributions - Donated Services and Materials

A substantial number of unpaid volunteers have made significant contributions of their time to the Organization's activities during the years. The value of this contributed time is not reflected in these statements. The contributions of services are recognized only if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Materials and other assets received as donations are reflected in the accompanying financial statements at their fair values on the date of receipt and are described as in-kind donations. In-kind donations decreased from \$28,530 for the year ended March 31, 2011 to \$25,328 for the year ended March 31, 2012.

5. Designated Funds Payable

The State Employee Charitable Contribution program (SECC) is the only authorized charitable fund-raising drive in the State workplace. The United Way serves as the Local Campaign Manager for the SECC campaign. The Organization acts as an intermediary between the donor and the ultimate beneficiary. The SECC funds and designated funds collected through the United Way Campaign are not recognized as revenue by the Organization, but are reported as a designated payable in the statement of financial position. The SECC campaign and United Way campaign designated payables at March 31, 2012 and 2011 are as follows:

	2012	2011
SECC payable	\$ 151,380	\$ 181,694
Member agencies payable	63,623	68,569
Unaffiliated agencies payable	100,146	89,126
Total designated funds payable	\$ 315,149	\$ 339,389

UNITED WAY OF DENTON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
 March 31, 2012 and 2011

6. Lease Commitments

The Organization leases office space and certain office equipment under operating leases expiring in 2013. Minimum future rental payments under non-cancelable operating leases having remaining terms in excess of one year as of March 31, 2012 and 2011 are as follows.

	2012	2011
03/31/2012	\$	\$ 37,476
03/31/2013	37,476	37,476
03/31/2014	2,261	2,261
Thereafter		
Totals	\$ 39,737	\$ 77,213

7. Retirement Plan

The Organization's retirement plan is administered by the United Way. It is a defined contribution retirement plan described under Section 403(b) of the Internal Revenue Service Code. It is a defined contribution retirement plan, which provides retirement benefits for all employees who normally work more than twenty hours per week. The Organization contributed amounts during the years ended March 31, 2012 and 2011 equal to a maximum of six percent of the eligible employees' gross salaries. Under this plan, participant accounts are one-hundred percent vested at all times.

8. Temporarily Restricted Net Assets

Net assets are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. On March 31, 2012 and 2011, temporarily restricted net assets were available for the following:

	2012	2011
Pledges receivable (in less than one year)	\$ 1,079,235	\$ 1,272,616
Less allowance for uncollectible pledges	(188,435)	(218,081)
Pledges receivable, net	\$ 890,800	\$ 1,054,535

9. Concentrations of Credit and Market Risk

The United Way maintains various bank accounts that may from time to time contain balances in excess of federally insured limits. The Organization manages this risk by maintaining the deposits with high quality financial institutions.

The United Way has various receivables at March 31, 2012 and 2011. The Organization considers its risk of loss from receivables to be minimal.

The United Way received over 59% of its contribution pledges from fifteen companies and/or their employees for the year ended March 31, 2012 and received over 62% of its contribution pledges from fourteen companies and/or their employees for the year ended March 31, 2011.

UNITED WAY OF DENTON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
 March 31, 2012 and 2011

10. Grant Receivable

The United Way of Denton County, Inc. was awarded a grant through the United Way of Texas in the amount of \$3,750 for VITA Program staff funding. The amount receivable for this grant at March 31, 2012 is \$3,750.

11. Reclassifications

Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or retained earnings.

12. Financial Instruments

Accounts receivable - The amounts reported in the accompanying statements of financial position as accounts receivable approximate fair value because of the short maturities of those instruments.

Pledges receivable - The amounts reported in the accompanying statements of financial position as pledges receivable approximate fair value because of the short maturities of those instruments.

Accounts payable and accrued expenses - The carrying amounts reported in the accompanying statements of financial position for accounts payable and accrued expenses approximate fair value.

The carrying amounts and fair values of the United Way's financial instruments at March 31, 2012 and 2011 are as follows:

	2012		2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Cash and cash equivalents	\$ 534,761	\$ 534,761	\$ 412,920	\$ 412,920
Certificates of deposit included in cash	208,210	208,210	256,139	256,139
Pledges receivable	890,800	890,800	1,054,535	1,054,535
Financial liabilities:				
Accounts payable and accrued expenses	5,391	5,391	8,996	8,996

UNITED WAY OF DENTON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
 March 31, 2012 and 2011

13. Fair Value Measurements

The Organization applies the standards required by FASB ASC 820-10-50, *Fair Value Measurements and Disclosures*, which provides a framework for measuring fair value under generally accepted accounting principles. FASB ASC 820-10-50 applies to all financial instruments that are being measured and reported at fair value on a recurring basis.

As defined in FASB ASC 820-10-50, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods including market, income, and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilized valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1 – Valuations for assets and liabilities traded in active exchange markets; such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The table below presents the balances of assets measured at fair value on a recurring basis:

	Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted Prices In Active Markets for Identical Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
March 31, 2012				
Certificates of deposit	\$ 208,210	\$ 208,210	\$	\$
Total assets	\$ 208,210	\$ 208,210	\$	\$

UNITED WAY OF DENTON COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
 March 31, 2012 and 2011

13. Fair Value Measurements – Continued

		Fair Value Measurements at Reporting Date Using		
		Quoted Prices In Active Markets for Identical Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
March 31, 2011	Fair Value			
Certificates of deposit	\$ 256,139	\$ 256,139	\$	\$
Total assets	\$ 256,139	\$ 256,139	\$	\$

14. Subsequent Events

Management has evaluated the impact of all subsequent events on the Organization through financial statement issuance, and has determined that there were no subsequent events requiring recognition or disclosure in the financial statements.