United Way of America and Subsidiaries

Consolidating Financial Statements and Supplemental Material

Years Ended December 31, 2008 and 2007

BDO Seidman, LLP
Accountants and Consultants

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Independent Auditors' Report

To the Board of Trustees
United Way of America and Subsidiaries

We have audited the accompanying consolidating statement of financial position of **United Way of America and Subsidiaries** (collectively "the Organization") as of December 31, 2008, and the related consolidating statement of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidating financial statements based on our audit. The financial statements and supplemental material of the Organization as of December 31, 2007, were audited by other auditors whose report dated September 22, 2008, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **United Way of America and Subsidiaries** as of December 31, 2008, and the changes in their net assets and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic consolidating financial statements taken as a whole. The schedule of functional expenses on page 56 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BDO Seidman, LLP

February 26, 2010

Year ended December 31, 2008	United Way of America	United Way Store	United eWay	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents - unrestricted	$ 13,187	$ 1,224	$ -	$ -	$ 14,411
Cash and cash equivalents - restricted	9,646	-	-	-	9,646
Custodial funds	40,982	-	-	-	40,982
Membership support receivable, net	766	-	-	-	766
Campaign receivables					
Amounts raised on behalf of others	17,758	-	-	-	17,758
Unrestricted campaign receivables	7,373	-	-	-	7,373
Contributions receivable, net	1,100	-	-	-	1,100
Accounts receivable, net	1,026	274	-	-	1,300
Inventory, net	-	775	-	-	775
Deferred income tax	-	3	-	-	3
Prepaid expenses and other current assets	242	67	-	-	309
Due from participating local United Ways	387	-	-	-	387
Due from affiliates	727	-	-	(65)	662
Total current assets	93,194	2,343	-	(65)	95,472
Noncurrent assets:					
Membership support receivable, net	39	-	-	-	39
Custodial funds	1,648	-	-	-	1,648
Investment - endowment	409	-	-	-	409
Land, building, equipment, and leasehold improvements, net	8,608	47	-	-	8,655
Contributions receivable, net	415	-	-	-	415
Investment in UW Store	1,527	-	-	(1,527)	-
Investment in Truist	2,942	-	-	-	2,942
Deferred income tax	-	298	-	-	298
Intangible property	250	-	-	-	250
Other noncurrent assets	286	18	-	-	304
Total noncurrent assets	16,124	363	-	(1,527)	14,960
Total assets	$ 109,318	$ 2,706	$ -	$ (1,592)	$ 110,432

United Way of America and Subsidiaries

Consolidating Statements of Financial Position (in thousands)

Year ended December 31, 2007	United Way of America	United Way Store	United eWay	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents - unrestricted	$ 10,437	$ 1,569	$ 72	$ -	$ 12,078
Cash and cash equivalents - restricted	11,005	-	-	-	11,005
Custodial funds	11,390	-	29,231	-	40,621
Membership support receivable, net	1,427	-	-	-	1,427
Campaign receivables					-
Amounts raised on behalf of others	19,590	-	-	-	19,590
Unrestricted campaign receivables	5,165	-	-	-	5,165
Contributions receivable, net	900	-	-	-	900
Accounts receivable, net	698	333	3,243	-	4,274
Inventory, net	-	608	-	-	608
Deferred income tax	-	236	-	-	236
Prepaid expenses and other current assets	249	66	53	-	368
Due from participating local United Ways	336	-	-	-	336
Due from affiliates	93	-	90	(183)	-
Total current assets	61,290	2,812	32,689	(183)	96,608
Noncurrent assets:					
Membership support receivable, net	-	-	-	-	-
Custodial funds	1,513	-	-	-	1,513
Investment - endowment	366	-	-	-	366
Land, building, equipment, and leasehold					-
improvements, net	7,123	45	52	-	7,220
Contributions receivable, net	117	-	-	-	117
Investment in UW Store	1,527	-	-	(1,527)	-
Investment in eWay	10,548	-	-	(10,548)	-
Deferred income tax	-	-	-	-	-
Intangible property	-	-	-	-	-
Other noncurrent assets	2,096	17	-	-	2,113
Total noncurrent assets	23,290	62	52	(12,075)	11,329
Total assets	$ 84,580	$ 2,874	$ 32,741	$ (12,258)	$ 107,937

See accompanying summary of accounting policies and notes to consolidating financial statements.

Year ended December 31, 2008	**United Way of America**	**United Way Store**	**United eWay**	**Eliminations**	**Consolidated**
Liabilities and net assets and equity					
Current liabilities:					
Accounts payable and accrued liabilities	$ 3,997	$ 237	$ -	$ -	$ 4,234
Distributions payable to local United Ways	2,365	-	-	-	2,365
Amounts raised on behalf of others	26,673	-	-	-	26,673
Accrued reorganization expenses	453	-	-	-	453
Advances on grants not awarded	187	-	-	-	187
Custodial funds	31,818	-	-	-	31,818
Current portion, liability for pension benefits	1,000	-	-	-	1,000
Current portion, postretirement benefits	193	-	-	-	193
Current portion of long term debt	1,172	-	-	-	1,172
Deferred revenue:					
Pledge processing	-	-	-	-	-
Training programs, conference, and fees	2,732	-	-	-	2,732
Due to affiliates	98	65	-	(65)	98
Total current liabilities	70,688	302	-	(65)	70,925
Noncurrent liabilities:					
Custodial liability	1,648	-	-	-	1,648
Liability for pension benefits, net of current portion	10,120	574	-	-	10,694
Deferred rent	405	-	-	-	405
Postretirement benefits, net of current portion	2,205	-	-	-	2,205
Long term debt	1,769	-	-	-	1,769
Deferred tax liability	-	5	-	-	5
Other noncurrent liabilities	256	-	-	-	256
Total noncurrent liabilities	16,403	579	-	-	16,982
Total liabilities	87,091	881	-	(65)	87,907
Net assets/equity:					
Unrestricted	7,113	-	-	298	7,411
Unrestricted - Board Designated	409	-	-	-	409
Temporarily restricted	14,705	-	-	-	14,705
Permanently restricted	-	-	-	-	-
Common stock	-	10	-	(10)	-
Additional paid-in capital	-	1,517	-	(1,517)	-
Retained earnings - UW Store	-	298	-	(298)	-
Total net assets and equity	22,227	1,825	-	(1,527)	22,525
Total liabilities and net assets and equity	$ 109,318	$ 2,706	$ -	$ (1,592)	$ 110,432

United Way of America and Subsidiaries

Consolidating Statements of Financial Position (in thousands)

Year ended December 31, 2007	United Way of America	United Way Store	United eWay	Eliminations	Consolidated
Liabilities and net assets and equity					
Current liabilities:					
Accounts payable and accrued liabilities	$ 4,620	$ 433	$ 314	$ -	$ 5,367
Distributions payable to local United Ways	2,820	-	-	-	2,820
Amounts raised on behalf of others	27,579	-	-	-	27,579
Accrued reorganization expense	640	-	-	-	640
Advances on grants not awarded	63	-	-	-	63
Custodial funds	3,338	-	29,231	-	32,569
Current portion, liability for pension benefits	-	-	-	-	-
Current portion, postretirement benefits	142	-	-	-	142
Current portion of long term debt	-	-	970	-	970
Deferred revenue:					-
Pledge processing	-	-	428	-	428
Training programs, conference, and fees	2,817	-	-	-	2,817
Due to affiliates	66	94	23	(183)	-
Total current liabilities	42,085	527	30,966	(183)	73,395
Noncurrent liabilities:					
Custodial liability	1,512	-	-	-	1,512
Liability for pension benefit, net of current portion	6,999	423	832	-	8,254
Deferred rent	518	-	-	-	518
Postretirement benefits, net of current portion	3,457		-		3,457
Long term debt	-	-	2,940	-	2,940
Deferred tax liability	-	-	-	-	-
Other noncurrent liabilities	186	5	1	-	192
Total noncurrent liabilities	12,672	428	3,773	-	16,873
Total liabilities	54,757	955	34,739	(183)	90,268
Net assets/equity:					
Unrestricted	11,240	-	(1,998)	(10,548)	(1,306)
Unrestricted - Board Designated	-	-	-	-	-
Temporarily restricted	18,217	-	-	-	18,217
Permanently restricted	366	-	-	-	366
Common stock	-	10	-	(10)	-
Additional paid-in capital	-	1,517	-	(1,517)	-
Retained earnings - UW Store	-	392	-	-	392
Total net assets and equity	29,823	1,919	(1,998)	(12,075)	17,669
Total liabilities and net assets and equity	$ 84,580	$ 2,874	$ 32,741	$ (12,258)	$ 107,937

See accompanying summary of accounting policies and notes to consolidating financial statements.

Year ended December 31, 2008

	United Way of America							
	UWA Unrestricted	Temporarily Restricted	Permanently Restricted	Total	United Way Store	United eWay	Eliminations	Consolidated
Revenues								
Public support:								
Membership support, net	$ 29,900	$ -	$ -	$ 29,900	$ -	$ -	$ -	$ 29,900
Campaign efforts of Tri-State	-	59,100	-	59,100	-	-	-	59,100
Less: gross amounts raised on behalf of others	-	(44,157)	-	(44,157)	-	-	-	(44,157)
Less: allowance for uncollectible pledges	5,298	(1,953)	-	3,345	-	-	-	3,345
Additional revenue from prior year campaigns	2,456	-	-	2,456	-	-	-	2,456
Contributions	1,307	8,926	-	10,233	-	-	-	10,233
Total public support	38,961	21,916	-	60,877	-	-	-	60,877
Other revenue:								
Promotional material sales	445	-	-	445	5,889	-	(366)	5,968
Program service fees	690	231	-	921	-	-	(367)	554
Investment income	841	12	-	853	28	598	(125)	1,354
Conferences	2,702	-	-	2,702	-	108	-	2,810
Rental and service income	517	-	-	517	-	-	(45)	472
Transaction fees	(22)	-	-	(22)	-	950	-	928
Loss from investment in Truist	(250)	-	-	(250)	-	-	-	(250)
Miscellaneous and others	152	15	-	167	-	34	-	201
Total other revenue	5,075	258	-	5,333	5,917	1,690	(903)	12,037
Net assets released from restrictions	25,686	(25,686)	-	-	-	-	-	-
Total revenues	69,722	(3,512)	-	66,210	5,917	1,690	(903)	72,914
Expenses								
Program services:								
Investor relations	6,509	-	-	6,509	-	-	(12)	6,497
Community Impact Leadership	12,464	-	-	12,464	-	-	(25)	12,439
Center for Community Leadership	7,312	-	-	7,312	-	-	(38)	7,274
Public Policy	1,078	-	-	1,078	-	-	(1)	1,077
Brand Leadership	8,578	-	-	8,578	-	-	(100)	8,478
Enterprise Services	908	-	-	908	-	-	-	908
Campaign and public relations	1,771	-	-	1,771	-	-	-	1,771
Cost of goods sold	-	-	-	-	3,412	-	(563)	2,849
Selling expenses	-	-	-	-	1,248	-	-	1,248
Distributions to participating local United Ways	10,814	-	-	10,814	-	-	-	10,814
Funds distributions	-	-	-	-	-	279	-	279
Total program costs and cost of revenue	49,434	-	-	49,434	4,660	279	(739)	53,634
Supporting services:								
General and administrative	6,609	-	-	6,609	1,043	3,467	(38)	11,081
Fund-raising	1,055	-	-	1,055	-	-	(1)	1,054
Provision for income taxes	-	-	-	-	65	-	-	65
Total supporting services	7,664	-	-	7,664	1,108	3,467	(39)	12,200
Total expenses	57,098	-	-	57,098	5,768	3,746	(778)	65,834
Changes in net assets before non-operating items	12,624	(3,512)	-	9,112	149	(2,056)	(125)	7,080
Non-operating items								
UWA assumption of eWay debt	(3,472)	-	-	(3,472)	-	3,472	-	-
UWA assumption of eWay accrued pension	(828)	-	-	(828)	-	828	-	-
Loss from write off of investment in eWay	(7,356)	-	-	(7,356)	-	-	7,356	-
Contribution of Truist ownership to UWA by eWay	-	-	-	-	-	(3,192)	3,192	-
UWA funding per Asset Purchase Agreement	(375)	-	-	(375)	-	-	-	(375)
Change in tax liability	-	-	-	-	65	-	-	65
Pension-related changes other than net periodic pension cost	(4,677)	-	-	(4,677)	(183)	(4)	-	(4,864)
eWay gain resulting from Truist transaction	-	-	-	-	-	2,950	-	2,950
Effect of adopting Statement 158	-	-	-	-	-	-	-	-
Changes in net assets/net income	(4,084)	(3,512)	-	(7,596)	31	1,998	10,423	4,856
Net assets and equity, beginning of year	11,240	18,217	366	29,823	1,919	(1,998)	(12,075)	17,669
Net asset transfer	366	-	(366)	-	-	-	-	-
Dividend to United Way of America	-	-	-	-	(125)	-	125	-
Net assets and equity, end of year	$ 7,522	$ 14,705	$ -	$ 22,227	$ 1,825	$ -	$ (1,527)	$ 22,525

Consolidating Statements of Activities (in thousands)

Year ended December 31, 2007

	United Way of America							
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	United Way Store	United eWay	Eliminations	Consolidated
Revenues								
Public support:								
Membership support, net	$ 29,364	$ -	$ -	$ 29,364	$ -	$ -	$ -	$ 29,364
Campaign efforts of Tri-State	-	81,799	-	81,799	-	-	-	81,799
Less: gross amounts raised on behalf of others	-	(64,764)	-	(64,764)	-	-	-	(64,764)
Less: allowance for uncollectible pledges	2,493	(2,162)	-	331	-	-	-	331
Additional revenue from prior year campaigns	-	-	-	-	-	-	-	-
Contributions	2,518	11,626	80	14,224	-	-	-	14,224
Total public support	34,375	26,499	80	60,954	-	-	-	60,954
Other revenue:								
Promotional material sales	388	-	-	388	5,868	-	(218)	6,038
Program service fees	790	209	-	999	-	-	(310)	689
Investment income	980	129	8	1,117	55	1,149	(200)	2,121
Conferences	2,738	-	-	2,738	-	113	-	2,851
Rental and service income	427	-	-	427	-	-	(89)	338
Transaction fees	-	-	-	-	-	4,626	-	4,626
Loss from investment in Truist	-	-	-	-	-	-	-	-
Miscellaneous and others	217	5	-	222	-	624	-	846
Total other revenue	5,540	343	8	5,891	5,923	6,512	(817)	17,509
Net assets released from restrictions	26,065	(26,065)	-	-	-	-	-	-
Total revenues	65,980	777	88	66,845	5,923	6,512	(817)	78,463
Expenses								
Program services:								
Investor relations	6,533	-	-	6,533	-	-	(22)	6,363
Community Impact Leadership	6,532	-	-	6,532	-	-	(8)	6,389
Center for Community Leadership	6,293	-	-	6,293	-	-	(45)	6,133
Public Policy	9,362	-	-	9,362	-	-	(11)	9,242
Brand Leadership	8,874	-	-	8,874	-	-	(61)	8,672
Enterprise Services	1,533	-	-	1,533	-	-	-	1,514
Campaign and public relations	1,493	-	-	1,493	-	-	-	1,493
Cost of goods sold	-	-	-	-	3,334	-	(378)	2,956
Selling expenses	-	-	-	-	1,271	-	-	1,271
Distributions to participating local United Ways	13,968	-	-	13,968	-	-	-	13,968
Funds distributions	-	-	-	-	-	6,858	-	6,858
Total program costs and cost of revenue	54,588	-	-	54,588	4,605	6,858	(525)	64,859
Supporting services:								
General and administrative	5,982	-	-	5,982	1,108	688	(92)	8,353
Fund-raising	533	-	-	533	-	-	-	533
Provision for income taxes	-	-	-	-	77	-	-	77
Total supporting services	6,515	-	-	6,515	1,185	688	(92)	8,963
Total expenses	61,103	-	-	61,103	5,790	7,546	(617)	73,822
Changes in net assets before non-operating items	4,877	777	88	5,742	133	(1,034)	(200)	4,641
Non-operating items								
UWA assumption of eWay debt	-	-	-	-	-	-	-	-
UWA assumption of eWay accrued pension	-	-	-	-	-	-	-	-
Adjust UWA's Truist investment to market	-	-	-	-	-	-		-
UWA funding per Asset Purchase Agreement	-	-	-	-	-	-	-	-
Change in tax liability	-	-	-	-	218	-	-	218
Pension-related changes other than net periodic pensio	4,445	-	-	4,445	-	465	-	4,910
eWay gain resulting from Truist transaction	-	-	-	-	-	-	-	-
Effect of adopting Statement 158	(11,273)	-	-	(11,273)	(656)	(779)	-	(12,708)
Capital contribution eWay	-	-	-	-	-	10,548	(10,548)	-
Changes in net assets/net income	(1,951)	777	88	(1,086)	(305)	9,200	(10,748)	(2,939)
Net assets and equity, beginning of year	13,191	17,440	278	30,909	2,424	(11,198)	(1,527)	20,608
Net asset transfer	-	-	-	-	-	-	-	-
Dividend to United Way of America	-	-	-	-	(200)	-	200	-
Net assets and equity, end of year	$ 11,240	$ 18,217	$ 366	$ 29,823	$ 1,919	$ (1,998)	$ (12,075)	$ 17,669

See accompanying summary of accounting policies and notes to consolidating financial statements.

Year ended December 31, 2008	UWA	United Way Store	United eWay	Eliminations	Consolidated
Cash flows from operating activities					
Changes in net assets/net income	$ (7,596)	$ 31	$ 1,998	$ 10,423	$ 4,856
Adjustments to reconcile changes in net assets/net income to net cash flows provided (used in) by operating activities:					
Depreciation and amortization	855	24	7	-	886
Provision for allowance for doubtful accounts	(8)	(3)	-	-	(11)
Bad debt expense	11	-	-	-	11
Inventory write off	-	75	-	-	75
Assumption of debt	4,300	-	(4,300)	-	-
Loss on sale of subsidiary	7,356	-	-	-	7,356
Effect of adopting Statement 158	-	-	-	-	-
Non-cash loss, adjustment for pension and postretirement	-	-	-	-	-
Non-cash loss, adjustment for prior campaign allowance	-	-	-	-	-
Changes in assets and liabilities:					
Restricted funds	1,359	-	-	-	1,359
Custodial funds	(1,111)	-	-	-	(1,111)
Membership support receivable, net	630	-	-	-	630
Amounts raised on behalf of others	(906)	-	-	-	(906)
Campaign receivables	(376)	-	-	-	(376)
Accounts receivable, net	(339)	62	3,243	-	2,966
Contributions receivable	(498)	-	-	-	(498)
Inventory	-	(242)	-	-	(242)
Deferred income tax	-	(60)	-	-	(60)
Prepaid expenses and other current assets	7	(1)	53	-	59
Other noncurrent assets	(52)	(1)	-	-	(53)
Due from participating local United Ways	(51)	-	-	-	(51)
Due to/from affiliates	(602)	(29)	67	-	(564)
Investment-endowment	(43)	-	-	-	(43)
Accounts payable and accrued liabilities	(623)	(196)	(313)	-	(1,132)
Distributions payable to local United Ways	(455)	-	-	-	(455)
Accrued reorganization expense	(187)	-	-	-	(187)
Advances on grants not awarded	124	-	-	-	124
Deferred revenue	(85)	-	(428)	-	(513)
Postretirement benefits	10	-	-	-	10
Liability for pension benefits	3,944	151	-	-	4,095
Deferred rent	(113)	-	-	-	(113)
Other liabilities	70	(5)	(1)	-	64
Net cash flows provided by (used in) operating activities	5,621	(194)	326	10,423	16,176
Cash flows from investing activities					
Purchase of equipment	(2,340)	(26)	44	-	(2,322)
Purchase of intangible property	(250)	-	-	-	(250)
Investment in Truist	250	-	-	(10,548)	(10,298)
Net cash flows (used in) provided by investing activities	(2,340)	(26)	44	(10,548)	(12,870)
Cash flow from financing activities					
Dividend to UWA	-	(125)	-	125	-
Repayment of debt	(531)	-	(442)	-	(973)
Net cash flows used in financing activities	(531)	(125)	(442)	125	(973)
Net increase (decrease) in cash and cash equivalents	2,750	(345)	(72)	-	2,333
Cash and cash equivalents:					
Beginning of year	10,437	1,569	72	-	12,078
End of year	$ 13,187	$ 1,224	$ -	$ -	$ 14,411

United Way of America and Subsidiaries

Consolidating Statements of Cash Flows (in thousands)

Year ended December 31, 2007	United Way of America	United Way Store	United eWay	Eliminations	Consolidated
Cash flows from operating activities					
Changes in net assets/net (loss) income	$ (1,086)	$ (305)	$ 9,200	$ (10,748)	$ (2,939)
Adjustments to reconcile changes in net assets/net income to net cash flows provided by (used in) operating activities:					
Depreciation and amortization	787	60	13	-	860
Provision for allowance for doubtful accounts	-	-	-	-	-
Bad debt expense	-	-	-	-	-
Inventory write off	-	70	-	-	70
Assumption of debt	-	-	-	-	-
Loss on sale of subsidiary	-	-	-	-	-
Effect of adopting Statement 158	(11,273)	(656)	(779)	-	(12,708)
Non-cash loss, adjustment for pension and postretirement	6,828	656	314	-	7,798
Non-cash loss, adjustment for prior campaign allowance	(2,493)	-	-	-	(2,493)
Changes in assets and liabilities:					
Restricted funds	6,224	-	-	-	6,224
Custodial funds	(280)	-	-	-	(280)
Membership support receivable, net	355	-	-	-	355
Amounts raised on behalf of others	5,936	-	-	-	5,936
Campaign receivables	(8,980)	-	-	-	(8,980)
Accounts receivable, net	623	60	(865)	-	(182)
Contributions receivable	26	-	-	-	26
Inventory	-	111	-	-	111
Deferred income tax	-	(236)	-	-	(236)
Prepaid expenses and other current assets	(16)	3	42	-	29
Other noncurrent assets	160	-	-	-	160
Due from participating local United Ways	(50)	-	-	-	(50)
Due to/from affiliates	7,787	74	(7,861)	-	-
Investment-endowment	(88)	-	-	-	(88)
Accounts payable and accrued liabilities	(571)	35	(247)	-	(783)
Distributions payable to local United Ways	916	-	-	-	916
Accrued reorganization expense	-	-	-	-	-
Advances on grants not awarded	(2,706)	-	-	-	(2,706)
Deferred revenue	(16)	-	159	-	143
Postretirement benefits	(573)	-	-	-	(573)
Liability for pension benefits	11,706	642	839	-	13,187
Deferred rent	-	-	-	-	-
Other liabilities	(80)	-	-	-	(80)
Net cash flows provided by (used in) operating activities	13,136	514	815	(10,748)	3,717
Cash flows from investing activities					
Purchase of equipment	(535)	(32)	(4)	-	(571)
Purchase of intangible property	-	-	-	-	-
Investment in eWay	(10,548)	-	-	10,548	-
Net cash flows used in investing activities	(11,083)	(32)	(4)	10,548	(571)
Cash flows from financing activities					
Dividend to UWA	-	(200)	-	200	-
Repayment of debt	-	-	(739)	-	(739)
Net cash flows used in financing activities	-	(200)	(739)	200	(739)
Net increase in cash and cash equivalents	2,053	282	72	-	2,407
Cash and cash equivalents:					
Beginning of year	8,384	1,287	-	-	9,671
End of year	$ 10,437	$ 1,569	$ 72	$ -	$ 12,078

See accompanying summary of accounting policies and notes to consolidating financial statements.

Summary of Significant Accounting Policies

Organization

United Way of America (UWA) is a national organization supported primarily by local United Ways through membership dues. UWA serves the United Way movement by being an exemplary leader in philanthropy and an outstanding mobilizer of resources, helping to shape the Nation's health and human services agenda and create a better quality of life for all. UWA's mission is to improve lives by mobilizing the caring power of communities.

UWA's Tri-State regional office (Tri-State) is responsible for raising charitable funds from employees and companies through United Way campaigns at a group of participating companies whose employees live and/or work in the New York Tri-State region and elect to participate in this specific regional campaign. Workplace campaigns at participating companies are organized in cooperation with local participating United Ways in the Tri-State region.

United Way Store (UW Store) is a wholly owned, for-profit subsidiary of UWA. UW Store's purpose is to provide sales fulfillment services to local United Ways, UWA, and other organizations. Sales to UWA and local United Ways accounted for approximately 68% and 71% of UW Store's sales for 2008 and 2007, respectively.

United eWay (eWay) combines advanced online giving with integrated pledge processing and fund distribution services for corporate philanthropic programs. eWay is a wholly owned subsidiary of UWA. Effective June 30, 2008, eWay sold substantially all its assets and transferred certain of its liabilities to Create Hope, Inc., a for-profit Delaware corporation. eWay received a 49% preferred stock ownership with voting rights in Truist Inc. (Truist). Subsequent to the sale, eWay transferred its ownership interest to UWA. As part of the transaction, UWA wrote off its investment in eWay and recorded a loss, net of the value of the Truist stock received.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Consolidation Policy

The consolidating financial statements include the accounts of UWA, UW Store and eWay (collectively referred to as "the Organization"). Significant transactions between the companies, including all intercompany balances, have been eliminated in consolidation. Investment in Truist Inc., a 49% owned affiliate, is accounted for on the equity method.

Cash and Cash Equivalents

The Organization considers all highly liquid instruments, which are to be used for current operations and which have an original maturity of three months or less, to be cash and cash equivalents. Restricted cash consists of cash that is designated for specific purposes by the donor.

Custodial Funds-UWA

Since 1983, Congress has allocated $2,630,000 to the Federal Emergency Management Agency (FEMA) to provide emergency food and shelter to needy individuals throughout the country. In 1983, a national board was convened to distribute these funds through the Emergency Food and Shelter (EF&S) program, a separate congressionally authorized program of FEMA, which is not consolidated into the Organization's financial statements. UWA was appointed fiscal agent for the EF&S program. In addition to UWA, other members of the national board include The Salvation Army; the National Council of the Churches of Christ; Catholic Charities USA; the Council of Jewish Federations, Inc.; the American Red Cross; and FEMA. As fiscal agent, UWA is the custodian of the funds and is responsible for the administration and disbursement of grants as directed by the national board. UWA charged certain administrative expenses to EF&S (totaling $175,000 for the years ended December 31, 2008 and 2007, respectively). In 2008 and 2007 approximately $153,000,000 and $152,000,000, respectively, were distributed in the form of grants to other charitable organizations. As of December 31, 2008 and 2007, undistributed balances of $3,700,000 and $3,300,000, respectively, were included in custodial funds, with a corresponding liability in the accompanying consolidating statements of financial position.

As of December 31, 2008 and 2007, UWA's custodial funds totaled approximately $42,600,000 and $42,100,000, respectively. This total as of December 31, 2008 and 2007 included approximately $9,200,000 and $8,000,000, respectively, designated for amounts raised on behalf of others and $28,000,000 and $0, respectively, for cash restricted for distribution to specified recipient charitable organizations. Short term custodial funds consist of cash and cash equivalents. Long term custodial funds consist of cash and cash equivalents, U.S. Treasury notes, U.S. Government agency notes, corporate notes and common trust funds.

UWA acts as trustee for certain planned giving investments. Annuity payments are made to the donor, and any residual restricted by the donor benefits local United Way's. For the periods ended December 31, 2008 and 2007, approximately $1,600,000 and $1,500,000, respectively, of such annuities are included as noncurrent custodial assets and custodial liabilities.

Under the Tri-State regional office distribution formula, undesignated campaign pledges from participating companies and their employees, after provision for collection losses and operating expenses, are distributed by a formula based on relative needs and geographic area in which the funds were raised. The formula distribution to local participating United Ways is recorded when the formula calculation is finalized and approved by the Finance committee of the UWA Board of Trustees. The 2007/2008 campaign distribution is reflected in the consolidating statements of activities as funds distributions expense. Funds for each campaign year are disbursed over a twelve-month period beginning in March of the following year. Distributions payable to local United Ways includes the balance of undesignated funds from the 2007/2008 campaign yet to be paid.

Custodial Funds-eWay

At December 31, 2007, eWay's custodial funds included approximately $29,000,000 of cash restricted for distribution to specified recipient charitable organizations.

Membership Support Receivable

Membership support receivable consists of amounts due from local United Ways for the use of the name and service marks owned by UWA. The allowance method is used to determine uncollectible accounts. An allowance for doubtful accounts related to membership support receivable is calculated as 3% of uncollected pledges, which approximates historical amounts not collected.

Campaign Receivables

Campaign receivables consist of amounts due from companies and employees for charitable giving campaigns. The allowance for doubtful accounts is calculated based upon actual collections from previous campaigns. Once a campaign has been completed, remaining balances in campaign receivables and donor designation payable (which is shown in the consolidating statements of financial position as Amounts Raised on Behalf of Others - ARBO), net of allowances for doubtful accounts and estimated future collections or distributions, are written off through Campaign efforts revenue.

Contributions Receivable

Contributions, which include unconditional promises to give, are recognized as revenues in the period received. Contributions receivable consist of unconditional promises to give that are expected to be received within one year and are recorded at net realizable value. Conditional promises to give are not included as support until the conditions are substantially met.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue. The discount is calculated using a risk free rate of 0.36%, 0.89% and 1.08% for receivables due in 2010, 2011 and 2012, respectively.

The allowance for doubtful accounts is based upon specific identification. Management considers all promises to give to be fully collectible based upon review of balances outstanding and history of collections with donors; therefore, no allowance for doubtful accounts has been established.

Accounts Receivable

Accounts receivable consist primarily of amounts due from the sale of services or goods. The allowance method is used to determine the uncollectible amounts. The allowance for doubtful accounts is based upon specific identification of uncollectible accounts.

Inventory

Inventory consists of United Way products and campaign materials as well as other promotional materials held for sale. Inventory is stated at the lower of cost or market, and is valued using the weighted-average cost method. When inventory is determined to be excessive or obsolete, it is reduced by an allowance for estimated excess or obsolete inventory. UW Store wrote off approximately $75,000 and $70,000 of obsolete inventory for the years ended 2008 and 2007, respectively, and had an allowance of approximately $49,000 and $13,000 at December 31, 2008 and 2007, respectively.

Land, Building, Equipment, and Leasehold Improvements

Land, building, equipment and leasehold improvements are recorded at cost. The Organization capitalizes expenditures for land, building, equipment, and leasehold improvements in excess of certain thresholds specified below. Depreciation and amortization are calculated using the straight-line method over the following useful lives for each entity:

	UWA	UW Store	eWay
Building	35 years	N/A	N/A
Furniture, equipment, and software	3-5 years	3-7 years	N/A
Leasehold improvements, and/or building improvements, and capital leases	5-15 years	The lesser of the term of the lease or the life of the asset	N/A
Capitalization threshold	$ 2,500	$ 300	$ 2,500

When assets are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred.

Intangible Property

Intangible property consists of a trademark, which was initially measured based on its fair value. UWA has one trademark that was purchased in 2008, relating to the “Born Learning” campaign which strives to help parents, care-givers and communities to create quality early learning opportunities for young children. The trademark allows United Way to brand certain products and apparel with the “Born Learning” brand. The trademark is not amortized as it has an indefinite useful life due to the fact that the “Born Learning” campaign plans to continue until an undeterminable date in the future.

Deferred Revenue

Deferred revenue consists of pledge processing, training programs and conferences. The Organization recognizes pledge processing revenue ratably over the year received. The Organization recognizes training programs and conference revenues after programs and conferences have been completed. All unexpended training programs and conference revenues at year end are deferred and recognized when the related expenditures occur.

Deferred Rent

A deferred rent liability has been recorded to reflect the benefit of lease incentives included in the office space lease. The benefits of these incentives, including free rent and a tenant improvement allowance, will be recognized equally over the term of the lease.

Net Assets

Unrestricted Net Assets

Unrestricted net assets are available for use in general operations. Board designated net assets is a component of unrestricted net assets, which is a quasi-endowment, set up by the Board of Trustees for the purpose of securing the Organization's long-term financial viability.

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of amounts that are subject to donor restrictions. The Organization is permitted to use up or expend the donated assets in accordance with the donor restriction.

The Organization reports gifts of cash and other assets as restricted support if they are receivable with donor stipulations that limit the use of the donated assets.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidating statements of activities as net assets released from restrictions.

Permanently Restricted Net Assets

Permanently restricted net assets consist of assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Organization. The restrictions stipulate that resources be maintained permanently but permits the Organization to expend the income generated in accordance with the provisions of the agreement.

Revenue Recognition

UWA membership revenue

Membership revenue is recorded ratably over the calendar year membership term. This membership allows local United Ways to use the name owned by UWA, during the period of membership. Membership support calculations are based on a formula driven process. If any local United Way does not remit its annual membership support, the local United Way's ability to utilize the name can be revoked. Membership revenue is recognized net of a training credit provided to the members. These training credits are recorded as deferred revenue until the credit expires or is used by the local United Way, at which time the related training revenue is recognized. As of December 31, 2008 and 2007, the amount of the deferred training credit was approximately $2,700,000 and $2,800,000, respectively.

UWA contributions revenue

UWA recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as unrestricted support, temporarily restricted support, or permanently restricted support. Temporarily restricted contributions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as temporarily restricted contributions and are reclassified as net assets released from restrictions in the same year. Promises to contribute that stipulate conditions to be met before the contribution is made are not accrued until the conditions are met. As of December 31, 2008 and 2007, UWA had received conditional promises to give totaling approximately $10,000,000 and $836,000, respectively.

Temporarily restricted campaign efforts, as shown in the consolidating statements of activities, reflects the portion of two different campaign years processed through Tri-State that were both partially recognized in 2008. The 2007/2008 campaign consists of donations pledged primarily in 2007 by the companies and employees which were distributed during 2008. Only pledges that were supported by documentation substantiating both the donor's unconditional promise to give and the instructions on the use of those funds were recorded in 2007. The remaining promises to give for the 2007/2008 campaign were recorded in 2008 as supporting documentation became available. Similarly, for the 2008/2009 campaign only those pledges that provide both documentation supporting the unconditional promise to give and donor instructions on the use of funds were recorded at December 31, 2008. Campaign efforts include contributions, amounts raised on behalf of others

(ARBO), and amounts raised by participating companies paid directly to recipient organizations. Contributions and pledges are recognized as revenue in the period received or promised. Pledges received where the donor designates that the gift is for a specific United Way or nonprofit agency are accounted for as agency transactions. Accordingly, while such amounts raised on behalf of others are included in total campaign efforts in the accompanying financial statements they are deducted prior to reporting net distributable contribution. Amounts paid directly are contributions raised in the Tri-State region as part of the Tri-State's annual campaign.

Unrestricted revenue includes income of approximately $7,800,000 recorded to allowance for uncollectible pledges, reflecting gains realized from better than anticipated pledge collections and over accrual of amounts raised on behalf of others liability for the 2006/2007 Tri-State campaign, which was closed out during 2008. Included within the net assets released from restrictions are the total Tri-State 2007/2008 campaign efforts, amounts raised on behalf of others and allowance for uncollectible pledges.

Campaign Revenue-eWay

United eWay's revenues are recorded within transaction fees within the consolidating statements of activities and consist of the following: wholesale and retail campaign management, legacy processing and distribution, basic distribution, volunteer suite, and conference revenue. Service fee revenues are generally related to access to the eWay online system, services associated with delivering donor gifts to the end user, and fees to administer customer programs. The Organization's contracts generally contain access user fees, transaction fees, and administration fees.

Additionally, some contracts contain fees for campaign management which are also classified as service fees in UWA's consolidating statements of activities. The campaign management fees are deferred and recognized as revenue on a straight-line basis over the campaign period. Fees for monthly user and transaction fees are recognized in the month in which the services are provided. For certain campaign related fees; revenue is recorded ratably over the campaign and results in deferred revenue at each statement of financial position date. The Organization recognizes revenues from service fees when all of the following criteria are met: a) persuasive evidence of an arrangement exists; b) delivery has occurred or services have been rendered; c) the seller's price to the buyer is fixed or determinable; and d) collectability is reasonably assured.

Additionally, eWay earns interest on funds provided by its customers for distribution to United Way Members. eWay is contractually allowed to hold the funds for up to 45 days and earn interest on those funds. The collection of interest on these clearing accounts is considered by eWay in determination of its fee structure for clients and represents a portion of the payment for services performed by the Organization. The interest totaled approximately $598,000 and $1,100,000 for the years ended December 31, 2008 and 2007, respectively, and is classified as investment income in the Organization's consolidating statements of activities. United eWay's volunteer suite of products are provided to local United Ways and to Volunteer Centers who pay an annual licensing fee to have access to the online volunteer management services. Fees associated with this annual license fee are recognized ratably over the license period.

Expenses

Expenses are recognized by the Organization during the period in which they are incurred. Expenses paid in advance and not yet incurred are deferred to the applicable period. The schedule of functional expenses in the supplemental material includes only the expenses of United Way of America.

Functional Allocation of Expenses

The costs of providing various program and supporting activities have been summarized on a functional basis in the consolidating statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Donated Services and Material

A substantial number of volunteers have donated significant amounts of time to the Organization's program services and to its fund-raising campaigns. No amounts have been recognized in the consolidating statements of activities since jobs done by Organization volunteers do not fall into the criteria established by the Financial Accounting Standards Board in this area.

Donated materials, including software, are recorded at fair value at the date of donation.

The Organization records donated services including advertising, at the respective fair market values of the services received.

Summary of Significant Accounting Policies

Use of Estimates

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

Reclassifications

Certain accounts in the 2007 financial statements have been reclassified to conform with the current year financial statement presentation.

1. Fair Value

In September 2006, the FASB issued SFAS No. 157, "*Fair Value Measurements*". This standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosures about the use of fair value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years. Effective January 1, 2008, the Organization adopted SFAS No.157, and there are no retrospective adjustments. The adoption did not impact the amounts reported in the consolidating financial statements, but does require additional footnote disclosures about the inputs used to develop the measurements of fair value and the effect of certain measurements reported in the consolidating statements of activities for the fiscal year.

SFAS No. 157 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that inputs that are most observable be used when available. Observable inputs are inputs that market participants operating within the same marketplace as UWA would use in pricing UWA's assets or liabilities based on independently derived and observable market data. Unobservable inputs are inputs that cannot be sourced from a broad active market in which assets or liabilities identical or similar to those of UWA are traded. UWA estimates the price of such assets for which there are only unobservable inputs by using assumptions that market participants that have investments in the same or similar assets would use as determined by the money managers for each investment based on the best information available in the circumstances. The input hierarchy is broken down into three levels based on the degree to which the exit price is independently observable or determinable as follows:

Level 1 – Valuation based on quoted market prices in active markets for identical assets or liabilities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 – Valuation based on quoted market prices of investments that are not actively traded or for which certain significant inputs are not observable, either directly or indirectly, such as municipal bonds.

Level 3 – Valuation based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Restricted and unrestricted cash and cash equivalents: The carrying amounts of cash and cash equivalents approximate fair value because of their short maturity.

Custodial Funds: Custodial funds consist of cash and cash equivalents, U.S. Treasury notes, U.S. Government agency notes and corporate notes carried at their aggregate market value that is determined by quoted market prices. Custodial funds also consist of common trust funds which are invested primarily in common stock but may also include investments in U.S. Treasury bills, short-term fixed income securities, equity index futures and Standard and Poor's depository receipts. The value of the common trust funds is based upon the market values of underlying investments.

Investment – endowment: The endowment consists of money market funds. The carrying amount of money market funds approximates fair value because of their short maturity.

Below sets forth a table of assets measured at fair value on a recurring basis as of December 31, 2008 (in thousands):

	Fair value measurement at reporting date using			
Description	Quoted prices in active markets for identical assets (level 1)	Significant other observable inputs (level 2)	Significant other unobservable inputs (level 3)	Balance as of December 31, 2008
Cash and cash equivalents	$ 65,058	$ -	$ -	$ 65,058
Money market funds	409	-	-	409
U.S. Treasury notes	374	-	-	374
U.S. Government agency notes	147	-	-	147
Corporate notes	547	-	-	547
Common trust funds	-	561	-	561
Total	$ 66,535	$ 561	$ -	$ 67,096

The estimated fair values of UWA's financial instruments not recorded at fair value on a recurring basis are as follows (in thousands):

December 31, 2008	**Carrying Amount**	**Fair Value**
Membership receivables	**$ 805**	**$ 805**
Campaign receivables	**$ 25,131**	**$ 25,131**
Contributions receivable	**$ 1,515**	**$ 1,515**
Accounts receivable	**$ 1,300**	**$ 1,300**
Debt	**$ (2,941)**	**$ (2,941)**

December 31, 2007	Carrying Amount	Fair Value
Membership receivables	$ 1,427	$ 1,427
Campaign receivables	$ 24,755	$ 24,755
Contributions receivable	$ 1,017	$ 1,017
Accounts receivable	$ 4,274	$ 4,274
Debt	$ (3,910)	$ (3,910)

The carrying amount is the amount at which the financial instrument is recorded on the books of the Organization. The fair value is the amount at which the financial instrument could be exchanged in a current transaction between willing parties.

Membership receivables, campaign receivables, contributions receivable and accounts receivable: Fair value approximates the carrying amount due to the relatively short maturity of these financial instruments.

Debt: Fair value is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to UWA for debt of the same remaining maturities.

2. Membership Support Receivable

Membership support receivable consist of the following (in thousands):

December 31,	**2008**	2007
Membership support receivable	**$ 829**	$ 1,459
Allowance for doubtful accounts	**(24)**	(32)
Membership support receivable, net	**$ 805**	$ 1,427

Bad debt expense is determined based on specific identification. There was no bad debt expense for the years ended December 31, 2008 and 2007 related to membership support receivable, and a recovery of approximately $4,000 and $23,000, respectively, was recorded based on collection of an amount previously written off.

3. Campaign Receivables

Campaign receivables and allowance for uncollectible pledges consist of the following (in thousands):

December 31,	**2008**	2007
Amounts raised on behalf of others	**$ 17,758**	$ 19,590
Unrestricted campaign receivables	**7,373**	5,165
Total campaign receivables	**$ 25,131**	$ 24,755

December 31,	**2008**	2007
Campaign receivables	**$ 32,154**	$ 32,439
Allowance for uncollectible pledges	**(7,023)**	(7,684)
Campaign receivables, net	**$ 25,131**	$ 24,755

4. Contributions Receivable

Contributions receivable consist of the following unconditional promises to give (in thousands):

December 31,	**2008**	2007
Amounts due in:		
Less than one year	**$ 1,100**	$ 900
One to five years	**425**	134
Total contributions receivable	**1,525**	1,034
Less: unamortized discount	**(10)**	(17)
Less: contribution receivable current	**1,100**	900
Contribution receivable – noncurrent	**$ 415**	$ 117

There was no bad debt expense related to contributions receivable in 2008. Bad debt expense totaled approximately $500,000 for the year ended December 31, 2007.

5. Accounts Receivable

Accounts receivable consist of the following (in thousands):

	2008			
	UWA	**UW Store**	**e-Way**	**Total**
Accounts receivable	**$ 1,026**	**$ 314**	**$ -**	**$ 1,340**
Allowance for doubtful accounts	**-**	**(40)**	**-**	**(40)**
Total	**$ 1,026**	**$ 274**	**$ -**	**$ 1,300**

	2007			
	UWA	UW Store	eWay	Total
Accounts receivable	$ 719	$ 376	$ 3,327	$ 4,422
Allowance for doubtful accounts	(21)	(43)	(84)	(148)
Total	$ 698	$ 333	$ 3,243	$ 4,274

Bad debt expense totaled approximately $11,000 and $0 for the years ended December 31, 2008 and 2007, respectively, related to accounts receivable, and a recovery of $21,000 was recorded during 2007 based on collection of an amount previously written off. There was no such recovery in 2008.

6. Land, Building, Equipment, and Leasehold Improvements

Land, building, equipment, and leasehold improvements, at cost, were as follows at December 31 (in thousands):

	2008			
	UWA	**UW Store**	**eWay**	**Total**
Land	**$ 2,102**	**$ -**	**$ -**	**$ 2,102**
Building and building improvements	**12,996**	**-**	**-**	**12,996**
Leasehold improvements	**2,123**	**46**	**-**	**2,169**
Furniture, equipment, and software	**8,331**	**767**	**-**	**9,098**
Less: accumulated depreciation and amortization	**(16,944)**	**(766)**	**-**	**(17,710)**
	$ 8,608	**$ 47**	**$ -**	**$ 8,655**

	2007			
	UWA	UW Store	eWay	Total
Land	$ 2,102	$ -	$ -	$ 2,102
Building and building improvements	12,360	-	-	12,360
Leasehold improvements	2,123	46	-	1,584
Furniture, equipment, and software	6,922	740	574	8,526
Less: accumulated depreciation and amortization	(16,089)	(741)	(522)	(17,352)
	$ 7,123	$ 45	$ 52	$ 7,220

Depreciation and amortization expense totaled approximately $886,000 and $860,000 for the years ended December 31, 2008 and 2007, respectively.

7. Investment in Truist

Truist is an affiliated company accounted for on the equity method. See the Organization accounting policy for a description of Truist. Summarized financial information reported by Truist follows (in thousands).

December 31,	**2008**
Financial position	
Current assets	**$ 5,106**
Current liabilities	**(4,152)**
Working capital	**954**
Noncurrent assets	**2,714**
Noncurrent liabilities	**(27)**
Stockholders' equity	**$ 3,641**
Results of operations	
Operating revenues	**$ 8,080**
Loss from operations	**$ (693)**
Net loss	**$ (1,027)**
Amounts recorded by UWA	
Investment in Truist	**$ 2,942**
Contribution of Truist ownership by eWay	**$ 3,192**

8. Investment in eWay

In 2008 UWA wrote off its investment in eWay as part of the transaction to acquire a 49% interest in Truist. The write off of the $10,548,000 investment resulted in a loss of $7,356,000, net of the $3,192,000 contribution of Truist ownership to UWA by eWay.

9. Debt

In 2008, UWA renewed an unsecured line-of-credit agreement for $5,000,000. Borrowings under this line are payable upon expiration of the agreement and are subject to certain conditions. The line-of-credit bears interest at LIBOR plus 1.2%. The line expires on August 31, 2009. There were no borrowings outstanding as of December 31, 2008 and 2007, respectively. UWA incurred no interest expense for the years ended December 31, 2008 and 2007.

In September 2009, UWA's line-of-credit was amended and renewed. The expiration date on the line-of-credit was extended until August 31, 2010. Borrowing limits on the line-of-credit were reduced to a maximum of $3,500,000 between January 1st and June 30th of each year and a maximum of $1,000,000 between July 1st and December 31st of each year. The interest rate on the line-of-credit increased to LIBOR plus 2.0%.

UW Store has a $250,000 line-of-credit agreement. The interest rate on the line is prime plus 1%, payable monthly. The line expires on August 31, 2009. UW Store has pledged a first security interest in all of its assets as collateral on the line. There were no borrowings under the line-of-credit as of December 31, 2008 and 2007, respectively. UW Store incurred no interest expense for the years ended December 31, 2008 and 2007.

During 2009, the line-of-credit expiration date was extended until August 31, 2010. All other terms are the same.

In 2008, UWA assumed the remaining balance of $3,451,000 of a term loan agreement that eWay entered into on May 18, 2004 and renegotiated the interest rate to LIBOR plus 1.3% payable monthly. The initial loan amount was $5,000,000 and had an interest rate of LIBOR plus 2.5%, payable monthly. UWA's principal repayment is approximately $88,000 per month and will increase to $104,000 per month, beginning in June 2009. During the years ended December 31, 2008 and 2007, the Organization made principal payments of $973,000 and $739,000, respectively. Interest expense was $169,000 and $342,000 for the years ended December 31, 2008 and 2007, respectively.

Future maturities of the term loan, by year and in the aggregate, are as follows (in thousands):

December 31,	
2009	$ 1,172
2010	1,563
2011	206
	2,941
Less: current portion of long term debt	1,172
Non-current long term debt	$ 1,769

10. Pension and Other Postretirement Benefits

The Organization sponsors the Pension Plan of the United Way of America (UWA Plan), the Defined Benefit Plan for Employees of United Way of Tri-State (Tri-State Plan), the UWA Postretirement Benefit Plan, the Tri-State Postretirement Benefit Plan and several Non-Qualified Plans (Non-Qualified Plans). The Non-Qualified Plans include the United Way of America Senior Vice President's Plan (Senior VP Plan), United Way of America 415 Replacement Plan (415 Replacement Plan), and the United Way of America Supplemental Employee Retirement Plan (SERP).

Pension Plan of the United Way of America

The UWA Plan (Pension Plan) is a qualified, noncontributory defined benefit pension plan, which includes UW Store and eWay, and covers employees who have reached the age of 21 and completed one year of employment. An employee's interest becomes fully vested upon the completion of three years or five years of service, depending on the date of hire, and is generally payable upon attainment of early retirement age. Contributions to the plan are based on actuarially determined amounts.

The following is a summary of the funded status of the Pension Plan as of December 31, 2008 and 2007 and the key assumptions used by the Pension Plan's actuary. The calculations are performed based on a measurement date of December 31, 2008 and December 31, 2007 for the years ended December 31, 2008 and 2007, respectively.

Effective July 1, 2005, the benefit levels of participants in the UWA Plan were frozen as of the effective date of the change and precluded new employees from participating in the UWA Plan.

Effective July 1, 2008, UWA assumed eWay's portion of the liability and expense of the Pension Plan.

The Defined Benefit Plan for Employees of United Way of Tri-State (Tri-State Plan) was merged into the UWA Plan effective January 1, 2008.

Effective June 30, 2006, the benefit levels of participants in the Tri-State Plan were frozen as of the effective date of the change and precluded new employees from participating in the Tri-State Plan.

The Tri-State Plan is a qualified, noncontributory defined benefit pension plan, which covers employees as of the date of hire. An employee's interest becomes fully vested upon the completion of five years of service and is generally payable upon attainment of early retirement age. Contributions to the plan are based on actuarially determined amounts.

The measurement dates used for the UWA Plan disclosures are as of December 31, 2008 and December 31, 2007.

Certain information regarding the UWA Plan for the years ended 2008 and 2007 is as follows (in thousands):

December 31, 2008	**UWA**	**UW Store**	**Total**
Benefit obligation, beginning of year	**$ 32,394**	**$ 1,887**	**$ 34,281**
Service cost	**-**	**-**	**-**
Interest cost	**1,809**	**102**	**1,911**
Benefits paid	**(1,148)**	**(13)**	**(1,161)**
Change in discount rate	**(1,149)**	**(73)**	**(1,222)**
Actuarial loss	**(2,281)**	**(185)**	**(2,466)**
Benefit obligation, end of year	**$ 29,625**	**$ 1,718**	**$ 31,343**

Amounts recognized in the consolidating statements of financial position consist of the following as of December 31, 2008 (in thousands):

December 31, 2008	**UWA**	**UW Store**	**Total**
Accumulated benefit obligation	**$ 28,147**	**$ 1,523**	**$ 29,670**
Projected benefit obligation	**$ 29,625**	**$ 1,718**	**$ 31,343**
Fair value of plan assets	**20,346**	**1,144**	**21,490**
Funded status – under funded	**$ (9,279)**	**$ (574)**	**$ (9,853)**
Unfunded pension liability	**$ 9,279**	**$ 574**	**$ 9,853**

Items not yet recognized as a component of net periodic pension cost as of December 31, 2008 are as follows (in thousands):

	UWA	UW Store	Total
Amortization of gain	**$ (731)**	**$ (32)**	**$ (763)**
Loss due to assets	**7,921**	**446**	**8,367**
Gain due to change in discount rate	**(1,149)**	**(73)**	**(1,222)**
Gain in benefit obligation	**(2,281)**	**(185)**	**(2,466)**
Total	**$ 3,760**	**$ 156**	**$ 3,916**

Components of net periodic benefits cost recognized as expenses in the accompanying consolidating statements of activities (in thousands):

Year ended December 31, 2008	UWA	UW Store	Total
Interest cost	**$ 1,809**	**$ 102**	**$ 1,911**
Expected return on assets	**(2,089)**	**(117)**	**(2,206)**
Amortization of loss	**731**	**32**	**763**
Net Periodic Benefit Cost	**$ 451**	**$ 17**	**$ 468**

For the year ended December 31, 2008, there were no amount of net gain and net prior service cost recognized in the accompanying consolidating statements of activities apart from expenses.

Certain information regarding the UWA Plan for the year ended 2007 is as follows (in thousands):

December 31, 2007	UWA	Tri-State	UW Store	eWay	Total
Benefit obligation,					
beginning of year	$ 24,171	$ 4,781	$ 1,606	$ 950	$ 31,508
Interest cost	1,362	289	92	53	1,796
Benefits paid	(866)	(445)	(28)	(35)	(1,374)
Change in discount rate	(1,100)	-	(88)	(59)	(1,247)
Change in mortality	2,025	125	131	61	2,342
Actuarial loss	636	395	174	51	1,256
Benefit obligation, end of year	$ 26,228	$ 5,145	$ 1,887	$ 1,021	$ 34,281

Amounts recognized in the consolidating statements of financial position consist of the following as of December 31, 2007 (in thousands):

December 31, 2007	UWA	Tri-State	UW Store	eWay	Total
Accumulated benefit obligation	$ 24,266	$ 5,145	$ 1,664	$ 740	$ 31,815
Projected benefit obligation	$ 26,228	$ 5,145	$ 1,887	$ 1,021	$ 34,281
Fair value of plan assets	20,947	6,096	1,464	189	28,696
Funded status – (under) over funded	$ (5,281)	$ 951	$ (423)	$ (832)	$ (5,585)
Unfunded pension liability	$ (5,281)	$ -	$ (423)	$ (832)	$ (6,536)

Items not yet recognized as a component of net periodic pension cost as of December 31, 2007 are as follows (in thousands):

December 31, 2007	UWA	Tri-State	UW Store	eWay	Total
Amortization of loss	$ (406)	$ (147)	$ (24)	$ (44)	$ (621)
Loss due to assets	919	62	64	14	1,059
Gain due to change in discount rate	(1,100)	-	(88)	(59)	(1,247)
Loss due to change in mortality	2,025	125	131	61	2,342
Loss in benefit obligation	636	395	174	51	1,256
Total	$ 2,074	$ 435	$ 257	$ 23	$ 2,789

Components of net periodic benefit cost recognized as expenses in the accompanying consolidating statements of activities (in thousands):

Year ended December 31, 2007	UWA	Tri-State	UW Store	eWay	Total
Interest cost	$ 1,361	$ 289	$ 91	$ 55	$ 1,796
Expected return on assets	(1,628)	(482)	(113)	(15)	(2,238)
Amortization of net loss	406	147	24	44	621
Net Periodic Benefit Cost	$ 139	$ (46)	$ 2,130	$ 84	$ 179

For the year ended December 31, 2008 there were no amounts of net gain and net prior service cost recognized in the accompanying consolidating statements of activities apart from expenses.

Estimated amounts to be amortized during the year ending December 31, 2009 are as follows (in thousands):

Year ending December 31, 2009	**UWA**	**Tri-State**	**UW Store**	**eWay**	**Total**
Net actuarial loss	**$ 1,181**	**$ -**	**$ 62**	**$ -**	**$ 1,243**

The components of plan assets and the average asset allocations by asset category are as follows as of December 31,

Plan assets	**2008**	2007 UWA Plan	2007 Tri-State Plan
Equity securities	**62%**	60%	0%
Debt securities	**36%**	36%	0%
Cash	**2%**	4%	100%
Total	**100%**	100%	100%

The UWA Plan assets are diversified to minimize risk and maximize returns. The targeted asset allocation is 60% equities and 40% fixed income. The UWA Plan assets are managed by professional investment managers and are monitored by UWA's management, Finance Committee, and Investment and Pension Subcommittee.

Weighted average assumptions used to determine the benefit obligation and net periodic benefit cost are as follows:

Years ended December 31,	**2008**	2007
Benefits Obligation:		
Discount rate	**6.25%**	6.00%
Rate of compensation increase	**5.00%**	5.00%
Expected return on plan assets	**8.00%**	8.00%
Net Periodic Benefit Cost:		
Discount rate	**6.25%**	6.00%
Rate of compensation increase	**5.00%**	5.00%
Expected return on plan assets	**8.00%**	8.00%

The expected long-term rate of return on assets assumption was 8% as of December 31, 2008. This assumption represents the rate of return on plan assets reflecting the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the benefit obligation. The assumption has been determined by reflecting expectations regarding future rates of return for the investment portfolio, with consideration given to the distribution of investments by asset class and historical rates of return for each individual asset class.

Expected Future Benefit Payments

The expected long-term rate of return was determined by multiplying the historical rate of return for an asset class by the percentage of plan assets invested in that class and then adding the result for all classes. In general, it was based on returns for the UWA Plan's target asset allocation (in thousands).

Year ended December 31, 2008	**UWA**	**UW Store**	**Total**
Net periodic benefit costs	**$ 451**	**$ 17**	**$ 468**
Employer contributions	**$ 94**	**$ 22**	**$ 116**
Benefits paid	**$ (1,148)**	**$ (13)**	**$ 1,161**

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid (in thousands):

Years ending December 31,	UWA	UW Store	Total
2009	$ 1,533	$ 25	$ 1,558
2010	2,410	23	2,433
2011	992	22	1,014
2012	1,924	21	1,945
2013	2,194	524	2,718
2014 – 2018	10,210	643	10,853

The UWA Plan is positioned to meet the minimum funding requirement as outlined in the Pension Protection Act of 2006. As of January 1, 2008, 93.73% of the current liability for the UWA plan was funded. UWA plans to make contributions during 2009 for the 2008 plan year in order to achieve an 80% funding target attainment percentage as of January 1, 2009, keeping with the Pension Protection Act target. UWA continues to monitor the funded status of its defined benefit plan and to evaluate potential strategies that ensure the plan is managed in compliance with pension laws and regulations.

Tri-State Make-up Plan

Tri-State maintains an additional benefit plan to provide employees with the benefits they are not eligible to receive under the qualified pension plan because of limits imposed by ERISA and the Internal Revenue Code. The projected benefit is estimated to be approximately $287,000, which is accrued as of December 31, 2008. Pension expense for these benefits amounted to $62,000 for the years ended December 31, 2008 and 2007.

United Way of America Non-Qualified Plans

The Non-Qualified Plans are described below by type of plan.

The Senior VP Plan is a non-qualified, noncontributory plan established for senior vice president-grade employees and above. The Plan was designed to restore benefits eliminated by a change in the qualified plan formula required by the Tax Reform Act of 1986.

The 415 Replacement Plan is a non-qualified, noncontributory defined benefit pension plan established to restore the pension benefits lost under the qualified plan due to the limitations arising from Section 415 of the Tax Equity and Fiscal Responsibility Act of 1982.

The SERP is a non-qualified, noncontributory plan established in 2000. This plan was established to replace benefits in the qualified plan for participants affected by IRS salary limits, as well as benefit limits.

The measurement dates used for the non-qualified plan disclosures are as of December 31, 2008 and December 31, 2007.

Certain information regarding the UWA non-qualified plans for the year ended 2008 is as follows (in thousands):

	Senior VP Plan	**415 Replacement Plan**	**SERP**	**Total**
Benefit obligation, beginning of year	**$ 170**	**$ 72**	**$ 1,550**	**$ 1,792**
Interest cost	**10**	**4**	**93**	**107**
Benefits paid	**-**	**-**	**(185)**	**(185)**
Change in discount rate	**(4)**	**(1)**	**(51)**	**(56)**
Actuarial gain	**(13)**	**(3)**	**(11)**	**(27)**
Benefit obligation, end of year	**$ 163**	**$ 72**	**$ 1,396**	**$ 1,631**

Amounts recognized in the consolidating financial statements of position consist of the following as of December 31, 2008 (in thousands):

December 31, 2008	**Senior VP Plan**	**415 Replacement Plan**	**SERP**	**Total**
Accumulated benefit obligation	**$ 164**	**$ 76**	**$ 1,406**	**$ 1,646**
Projected benefit obligation	**163**	**72**	**1,396**	**1,631**
Fair value of plan assets	**77**	**-**	**-**	**77**
Funded status – under funded	**$ (86)**	**$ (72)**	**$ (1,396)**	**$ (1,554)**
Unfunded pension liability	**$ 86**	**$ 72**	**$ 1,396**	**$ 1,554**

Items not yet recognized as a component of net periodic pension cost as of December 31, 2008 are the following (in thousands):

	Senior VP Plan	**415 Replacement Plan**	**SERP**	**Total**
Amortization of gain/(loss)	**$ 21**	**$ 2**	**$ (33)**	**$ (10)**
Loss due to assets	**3**	**-**	**-**	**3**
Gain due to change in discount rate	**(4)**	**(1)**	**(51)**	**(56)**
Gain in benefit obligation	**(13)**	**(3)**	**(11)**	**(27)**
Total	**$ 7**	**$ (2)**	**$ (95)**	**$ (90)**

Components of net periodic benefit cost recognized as expenses in the accompanying consolidating statements of activities (in thousands):

Year ended December 31, 2008	**Senior VP Plan**	**415 Replacement Plan**	**SERP**	**Total**
Interest cost	**$ 10**	**$ 4**	**$ 93**	**$ 107**
Expected return on assets	**(6)**	**-**	**-**	**(6)**
Amortization of net (gain)/loss	**(21)**	**(2)**	**33**	**10**
Net periodic benefit cost	**$ (17)**	**$ 2**	**$ 126**	**$ 111**

For the year ended December 31, 2008, there were no amounts of net gain and net prior service cost recognized in the accompanying consolidating statements of activities apart from expenses.

Estimated amounts to be amortized during the year ending December 31, 2009 are as follows (in thousands):

Year ended December 31, 2009	**Senior VP Plan**	**415 Replacement Plan**	**SERP**	**Total**
Net actuarial (gain) / loss	**$ (21)**	**$ (3)**	**$ 21**	**$ (3)**

Certain information regarding the non qualified plans for the year ended 2007 is as follows (in thousands):

	Senior VP Plan	415 Replacement Plan	SERP	Total
Benefit obligation as of October 31, 2006				
Service cost	$ 162	$ 82	$ 1,508	$ 1,752
Benefits paid	9	5	87	101
Change in discount rate	(4)	(2)	(54)	(60)
Change in mortality	9	(6)	22	25
Actuarial (gain)	(6)	(7)	(13)	(26)
Benefit obligation, end of year	$ 170	$ 72	$ 1,550	$ 1,792

Amounts recognized in the consolidating financial statements of position consist of the following as of December 31, 2007 (in thousands):

	Senior VP Plan	415 Replacement Plan	SERP	Total
Accumulated benefit obligation	$ 170	$ 72	$ 1,406	$ 1,648
Projected benefit obligation	170	72	1,550	1,792
Fair value of plan assets	74	-	-	74
Funded status – under funded	$ (96)	$ (72)	$(1,550)	$ (1,718)
Unfunded pension liability	$ 96	$ 72	$ 1,550	$ 1,718

Items not yet recognized as a component of net periodic pension cost for the year ended December 31, 2007 (in thousands):

	Senior VP Plan	415 Replacement Plan	SERP	Total
Amortization of gain/(loss) during 2008	$ 24	$ 2	$ (42)	$ (16)
Loss due to assets	3	-	-	3
Gain due to change in discount rate	(4)	(2)	(54)	(60)
Gain in benefit obligation	(6)	(7)	(13)	(26)
Loss/(gain) due to change in mortality	9	(5)	22	26
Total gain	$ 26	$ (12)	$ (87)	$ (73)

Components of net periodic benefit cost recognized as expenses in the accompanying consolidating statements of activities for the year ended December 31, 2007 (in thousands):

	Senior VP Plan	415 Replacement Plan	SERP	Total
Interest cost	$ 9	$ 5	$ 87	$ 101
Expected return on assets	(5)	-	-	(5)
Amortization of net (gain)/loss	(24)	(2)	42	16
Net periodic benefit cost	$ (20)	$ 3	$ 129	$ 112

The actuarial gain included in unrestricted net assets related to the UWA non-qualified plans which is expected to be recognized in net periodic pension cost during 2009 is $2,000.

The weighted average assumptions are as follows:

Year Ended December 31,	**2008**	2007
Measurement date	**December 31, 2008**	December 31, 2007
Discount rate	**6.25%**	6.00%
Long-term rate	**8.00%**	8.00%
Cost of living adjustment	**3.00%**	3.00%

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid (in thousands):

December 31	Senior VP Plan	415 Replacement Plan	SERP	Total
2009	$ 8	$ 6	$ 696	$ 710
2010	8	6	-	14
2011	13	6	-	19
2012	13	6	-	19
2013	13	5	-	18
2014 – 2018	59	25	1,226	1,310

UWA Postretirement Benefit Plan

United Way of America provides health care and life insurance benefits to certain retired employees (Post Retirement Benefit Plan). Employees become eligible for benefits in meeting certain age and service requirements. Spouses of eligible participants are also eligible if they meet certain requirements. The United Way of America's policy is to fund these benefits through premium reimbursements to participants. However, in conformity with Statement of Financial Accounting Standards No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions* (SFAS No. 106), and as amended by Statement of Financial Accounting Standards No. 158, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans* (SFAS No. 158), the cost of providing these benefits is to be accrued over the service period of the active employee group.

Certain employees retiring from UWA on or after attaining age 55 and with five years of credited service are entitled to postretirement life insurance and medical and dental benefit coverage. These benefits are subject to deductibles, co-payment provisions, and other limitations. This plan is frozen and not open to new participants.

Certain information regarding the UWA postretirement benefit plan for the years ended 2008 and 2007 is as follows (in thousands):

December 31,	**2008**	2007
Accumulated benefit obligation	**$ 2,097**	$ 2,103
Fair value of plan assets	**-**	-
Funded status – under funded	**$ (2,097)**	$ (2,103)
Accrued benefits cost (including $171 and $142 reported as current liability for 2008 and 2007, respectively)	**$ (2,681)**	$ (2,654)

Items not yet recognized as a component of net periodic postretirement benefit cost (in thousands):

December 31,	**2008**	2007
Amortization of loss/(gain)	**$ 34**	$ (48)
Gain due to change in mortality	**(1)**	-
Gain due to change in discount rate	**(46)**	(49)
(Gain)/loss in benefit obligation	**(12)**	840
Total (gain)/loss	**$ (25)**	$ 743

Components of net periodic postretirement benefit cost in the accompanying consolidating statements of activities (in thousands):

December 31,	**2008**	2007
Service cost	**$ 11**	$ 28
Interest cost	**125**	120
Net amortization		
Amortization of prior service cost	**8**	8
Amortization of net gain	**(34)**	(47)
Net periodic benefit cost	**$ 110**	$ 109

The actuarial gain included in unrestricted net assets related to the UWA Postretirement Plan which is expected to be recognized in net periodic pension cost during 2009 is $41,000. Prior service cost of $8,000 will also be recognized.

The weighted average assumptions are as follows:

December 31,	**2008**	2007
Measurement date	**December 31, 2008**	December 31, 2007
Discount rate	**6.25%**	6.00%

UWA costs are frozen at 50% of the premium rate effective when the medical and dental plans were frozen; there are no future health care costs expected, beyond this rate.

The following benefit payments, which reflect expected service, as appropriate, are expected to be paid (in thousands):

December 31,	
2009	$ 171
2010	171
2011	171
2012	176
2013	187
2014 – 2018	942

United Way 403(b) Plan

United Way of America offers a contributory defined contribution pension plan (IRC Section 403(b)), that provides for employer matching contributions of the employee contributions (3% to 5% of annual salary depending on years of service) plus an additional contribution of 1% to 3% depending on years of service. UWA's contribution to this plan was $922,000 and $867,000 for the years ended 2008 and 2007, respectively.

UWA Deferred Compensation Plan

In 2005, UWA established a 457(b) eligible deferred compensation plan to provide make up benefits to highly compensated employees that would not otherwise receive their full employer match under the 403(b) plan. The asset and liability for this plan are included in the consolidating statements of financial position. UWA's contributions to this plan were $33,000 and $36,000 for the years ended 2008 and 2007, respectively.

United Way Store 401(k) Plan

In 1997, UW Store approved a 401(k) plan for all employees. UW Store accrued contributions of $78,000 and $82,000 for the plan in 2008 and 2007, respectively.

Tri-State Postretirement Benefit Plan

The Tri-State regional office provides a flat dollar amount of life insurance benefits to certain retired employees (Post Retirement Benefit Plan). Employees become eligible for benefits by meeting certain age and service requirements. However, in conformity with SFAS No. 106, and as amended by SFAS No. 158, the cost of providing these benefits are to be accrued over the average remaining lifetime of the retiree group. The measurement dates used for the Tri-State Post Retirement Benefit Plan disclosures are as of December 31, 2008 and December 31, 2007.

Certain employees retiring from Tri-State on or after attaining age 55 and with five years of credited service are entitled to postretirement life insurance coverage. The life insurance amount is generally a flat $35,000 benefit with a few individuals entitled to slightly lesser amounts. This plan is frozen and not open to new participants. There are no plan assets associated with this obligation.

Certain information regarding the Tri-State postretirement plan for the years ended 2008 and 2007 is as follows (in thousands):

December 31,	**2008**	2007
Accumulated benefit obligation	**$ 300**	$ 285
Fair value of plan assets	**-**	-
Funded status – under funded	**$ (300)**	$ (285)
Accrued benefits cost (including $22 and $0 reported as current liability for 2008 and 2007, respectively)	**$ (60)**	$ (50)

Items not yet recognized as a component of net periodic postretirement benefit cost (in thousands):

December 31,	**2008**	2007
Loss due to change in mortality	**$ 2**	$ -
Gain due to change in discount rate	**(7)**	-
Loss/(gain) in benefit obligation	**26**	(16)
Total loss/(gain)	**$ 21**	$ (16)

Components of net periodic postretirement cost in the accompanying consolidating statements of activities (in thousands):

December 31,	**2008**	2007
Service cost	**$ -**	$ -
Interest cost	**18**	17
Amortization of prior service cost	**16**	18
Net periodic benefit cost	**$ 34**	$ 35

Estimated amounts to be amortized during the years ending December 31, 2009 and 2008 (in thousands):

Year ended December 31,	2009	2008
Prior service cost	**$ 16**	$ 18
Total	**$ 16**	$ 18

The prior service cost included in unrestricted net assets related to the Tri-State Postretirement Plan which is expected to be recognized in net periodic pension cost during 2009 is $17,000.

The Weighted Average Assumptions are as follows:

December 31,	2008	2007
Measurement date	**December 31, 2008**	December 31, 2007
Discount rate	**6.25%**	6.00%

The following benefit payments, which reflect expected future service, as appropriate are expected to be paid (in thousands):

December 31,	
2009	$ 22
2010	23
2011	24
2012	25
2013	26
2014 – 2018	133

Tri-State Split Dollar Life Insurance Plan

Tri-State owns several life insurance policies with split dollar arrangements for certain retired executives. The total of the value of these policies was $158,000 and $135,000 for the years ended December 31, 2008 and 2007, respectively. This value is included in other noncurrent assets on the consolidating statements of financial position.

Tri-State Deferred Compensation Plan

Tri-State has a deferred compensation agreement for the payment of a flexible premium annuity over the beneficiary's life with any remaining benefits to be distributed to the beneficiary's estate. The asset for this plan is included in other noncurrent assets in the consolidating statements of financial position. The fair market value of this plan was $843,000 and $812,000 for the years ended December 31, 2008 and 2007, respectively.

11. Board Designated Endowment

In August 2008, the Financial Accounting Standards Board (FASB) issued 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 No. 117-1).

UWA has board designated funds established for the purpose of securing the Organization's long-term financial viability and continuing to meet the needs of the Organization. As required by generally accepted accounting principles, net assets of the endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions. UWA has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies all permanently restricted net assets as the original value of the gifts to the permanent endowment and the value of subsequent gifts to the permanent endowment. 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 the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. UWA has no donor restricted endowment funds as of December 31, 2008 and 2007. During the year ended December 31, 2008, a transfer was made between permanently restricted net assets and unrestricted net assets. The transfer was based upon the implementation of FSP No. 117-1, related to board designated funds. UWA's unrestricted board designated endowment funds totaled $409,000 and $366,000 on December 31, 2008 and 2007, respectively.

UWA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. The key elements of the policy are governance, deposits and expenditures. Following New York non profit law the policy differentiates between non-restricted and donor restricted funds and sets forth applicable accounting and spending rules. Unrestricted funds can be spent at the board's discretion so the policy provides for an annual expenditure of up to 5% of market value. Restricted fund expenditures are subject to the gift instrument and state law that prohibits invasion of historic gift value. This policy adopts a conservative approach, preserving historic gift value plus an inflation factor of 3%. Governance and oversight is divided between the Executive and Finance Committees.

Changes in board designated endowment net assets for the year ended December 31, 2008 (in thousands):

	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	**$ -**	**$ 366**	**$ 366**
Net asset reclassification	**366**	**(366)**	**-**
Endowment net assets after reclassification	**366**	**-**	**366**
Interest income	**11**	**-**	**11**
Contributions	**32**	**-**	**32**
Endowment net assets, end of year	**$ 409**	**$ -**	**$ 409**

12. Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2008 and 2007 are restricted by the donors as follows (in thousands):

Type of Purpose Restriction	**2008**	2007
Training and research	**$ 4,723**	$ 6,175
Campaign and public relations	**4,121**	6,196
Initiative to benefit children, youth, and families	**2,334**	1,395
Disaster response and recovery	**1,030**	2,789
Economic self-sufficiency	**617**	26
Leadership coalition	**560**	460
Global initiative	**484**	618
Building initiative	**454**	-
Volunteer engagement	**275**	402
Scholarships	**61**	75
Other	**46**	81
Total temporarily restricted net assets	**$ 14,705**	$ 18,217

13. Net Assets Released from Restriction

Temporarily restricted net assets released from restriction are as follows (in thousands):

December 31,	**2008**	2007
Campaign and public relations	**$ 15,065**	$ 16,393
Initiative to benefit children, youth, and families	**2,841**	935
Disaster response and recovery	**2,225**	6,497
Training and research	**1,682**	5
Economic self-sufficiency	**1,414**	402
Global initiative	**784**	382
Volunteer engagement	**625**	338
Building initiative	**587**	-
Other	**311**	1,001
Leadership coalition	**130**	100
Scholarships	**22**	11
Net assets released from restrictions	**$ 25,686**	$ 26,065

14. Description of Program and Supporting Services

The following program and supporting services are included in the accompanying consolidating statements of activities:

Program Services

Investor Relations

Support for system-wide programs including National Corporate Leadership, major gifts, Alexis de Tocqueville program, planned giving, and community and public sector campaigns.

Community Impact Leadership

Grant distribution services, community building, national agencies' support, volunteer development, early childhood development, financial stability, 2-1-1 initiative, and Success by 6. Also, provides regional and technical consultative support to local United Ways, coordination of national activities at the regional level, and crisis response.

Center for Community Leadership

Training programs for volunteers and staff, national conferences, and organizational learning.

Public Policy

Leads UWA's federal advocacy efforts on behalf of the United Way movement to promote key issues before Congress and the White House.

Brand Leadership

Branding and promotion, public relations, research, publishing and production of campaign films and materials, production of National Football League television spots, and internal communication.

Enterprise Services

Encompasses both the technology assets as well as the alternative services delivery structures associated with specific product groups. The technology assets include the internal technology operations, the national Web site, and the extranet connecting local United Ways.

Campaign and Public Relations

Tri-State is responsible for raising charitable funds from employees and companies through United Way. Workplace campaigns at participating companies are organized in cooperation with twenty nine local participating United Ways in the Tri-State region. Tri-State is responsible for collecting and distributing pledges received in the campaigns from participating companies and their employees. Campaign efforts include contributions, amounts raised on behalf of others (ARBO), and amounts raised by participating companies paid directly to recipient organizations. Local United Ways administer campaigns in connection with other companies and such companies are not part of the campaign income of Tri-State or considered in the Tri-State distribution formula.

Supporting Services

General and Administrative

This supporting service category includes the functions necessary to secure proper administrative functioning of the Organization's governing board, maintain an adequate working environment, and manage financial responsibilities of the Organization.

Fund-raising

This supporting service category includes expenditures which provide the structure necessary to encourage and secure private financial support.

15. Related Party Transactions

United Way International (UWI) was a separate charitable organization and was not controlled by UWA during fiscal years 2008 and 2007 (see Note 20, Subsequent Events). UWI was incorporated as a District of Columbia not-for-profit corporation in 1974. The purpose of UWI is to promote voluntary charitable services through united fundraising, fund allocation, leadership, and planning activities in countries and territories outside the United States. The functions and funding of UWI are complimentary to, but not part of, UWA's mission. During fiscal years 2008 and 2007 UWA did not provide any financial support to UWI. And UWI purchased services and parking from UWA, as available to other charitable organizations. Under terms of an annual contract, in 2008 and 2007 UWA leased office space to UWI at a monthly rent of approximately $6,000.

16. Commitments

Operating Leases

UWA has entered into operating lease arrangements for office space and office equipment. Office space rentals include leases for its regional offices and local storage in Alexandria, Virginia. The UWA lease for the Tri-State office space in New York City expires July 31, 2012. The space and the cost were shared on an allocable basis by eWay/Truist. An office lease on a second location that is no longer used by UWA due to the reorganization expires July 31, 2012. UWA has sublet this space to a third party through July 30, 2012, to recover approximately 60% of the total lease cost. Upon acquisition of Tri-State in 2006, the future liability related to the unused space was recognized. The present value of the future lease payments on the unused location, net of proceeds from the sublease, is approximately $453,000 and $554,000 as of December 31, 2008 and 2007, respectively, and is included in accrued expenses in the consolidating statements of financial position. Leased office equipment includes the telephone system and computer components. Rent expense for the years ended December 31, 2008 and 2007 was approximately $467,000 and $455,000, respectively.

In May 2009, the UW Store entered into a five-year operating lease for space in Alexandria, Virginia. The lease begins October 1, 2009 and expires September 30, 2014. Annual lease payments are $102,000 and increase three percent per year beginning on October 1st of each year.

The UW Store main office lease expires November 30, 2009. Rent expense for the years ended December 31, 2008 and 2007 was approximately $152,000 and $162,000, respectively.

Future minimum lease payments under the operating leases as of December 31, 2008, are as follows (in thousands):

	UWA	UW Store	Sublease Income	Total
2009	$ 1,102	$ 150	$ (201)	$ 1,051
2010	1,062	-	(206)	856
2011	891	-	(210)	681
2012	520	-	(125)	395
Total	$ 3,575	$ 150	$ (742)	$ 2,983

Undesignated Contributions

As previously described, Tri-State has commitments under the Tri-State formula to distribute undesignated contributions to local participating United Ways for the 2007/2008 campaign that are contingent upon finalization and approval of the formula calculation.

17. Donated Services and Materials

The Organization recognizes contribution revenue for certain donated services and materials received at the fair value of those items. The donations include advertising, software and other materials and amount to $27,000 and $775,000 for the years ended December 31, 2008 and 2007, respectively. These donations are reflected in UWA's consolidating statements of activities.

In addition, UWA has maintained a mutually beneficial relationship with the National Football League (NFL) where UWA underwrites the cost to produce the Public Service Announcements (PSA) for broadcast during televised NFL games. The PSA's promote volunteerism in local United Way communities and feature NFL players involved in various local United Way community volunteer activities. The NFL donates the airtime for the PSA's to run during NFL games throughout the NFL season. UWA does not record this donation of the airtime as an in-kind gift because of UWA's financial inability to purchase such advertising, were it not to be donated. The estimated value of the donated airtime is estimated to be $16,000,000 and $21,000,000 for the 2008/2009 and 2007/2008 NFL seasons, respectively.

An additional $1,300,000 in airtime was donated by various contributors to promote United Way initiatives and support United Way's mission to improve lives by mobilizing the caring power of communities. Like the NFL PSA's, UWA does not record this donation of airtime as an in-kind gift due to the lack of direct benefit to UWA from the ads.

18. Supplemental Disclosure of Cash Flows Information

December 31,	**2008**	2007
Cash paid during the year for interest (in thousands)	**$ 183**	$ 342
Cash paid during the year for income taxes (in thousands)	**$ 199**	$ 16

UWA recognized non cash losses in the write off of its investment in eWay and the transaction to acquire a 49% interest in Truist as discussed in Note 8.

19. Income Taxes

UWA has received an exemption from the Internal Revenue Service (IRS) from Federal income taxes under Section 501(a), as an entity described in Section 501(c)(3) of the Internal Revenue Code. UWA is required to make the appropriate tax payments on any income considered unrelated to its exempt purpose.

UWA received approximately $326,000 and $310,000 in royalty income from UW Store for the years ended December 31, 2008 and 2007, respectively, and was required to file IRS Form 990-T. UWA incurred Federal and Virginia State income tax expense related to unrelated business income in the amount of $14,000 and $16,000 for the years ended December 31, 2008 and 2007, respectively. This tax expense is included in general and administrative expenses.

UW Store follows Statement of Financial Accounting Standards (SFAS) No. 109, *Accounting for Income Taxes.* This statement requires the recognition of deferred tax liabilities and deferred tax assets, net of applicable valuation allowances for certain temporary differences and net operating loss carry forwards.

The provision for income taxes includes federal and state income taxes and those deferred as a result of temporary differences in the recognition of income and expenses for financial accounting and income tax purposes. The provision for income taxes is included the following components at December 31 (in thousands):

December 31,	**2008**	2007
Current tax provision		
Federal	**$ 51**	$ 83
State	**7**	11
Total current provision	**58**	94
Deferred tax provision:		
Federal	**6**	(15)
State	**1**	(2)
Total deferred provision	**7**	(17)
Total provision for income taxes	**$ 65**	$ 77

Deferred income taxes result from timing differences in the recognition of revenues and expenses for tax return and financial reporting purposes. The sources of these differences and the tax effect of each at December 31 were as follows (in thousands):

December 31,	**2008**	2007
Unfunded pension	**$ 288**	$ 218
Tax depreciation and amortization	**10**	18
Prepaid pension	**(45)**	(37)
Accounts receivable allowances	**14**	15
Other	**29**	22
Net noncurrent deferred asset	**$ 296**	$ 236

The UW Store tax provision varies from the U.S. statutory federal income tax rate as a result of state taxes.

20. Subsequent Events

On January 1, 2009, UWA made a loan to Truist Inc. for $250,000 with an interest rate of 2% per month with a maturity date of March 31, 2009 to fund cash flow needs. The note and interest was paid in full on April 3, 2009.

On August 24, 2009, UWA made a loan to Truist Inc. for $445,343 with an interest rate of Prime plus 4% per annum with a maturity date of August 31, 2010. The loan was part of the final negotiated settlement for the sale of eWay assets and the resulting 49% ownership interest in Truist Inc. by UWA.

On December 17, 2009, UWA made a loan to Truist Inc. for $162,040 with an interest rate of 8% per annum with a maturity date of December 16, 2011.

In December 2008, the Board of Directors of UWI approved a resolution to dissolve and transfer the assets of UWI to UWA. In June 2009, the UWI Board approved, and the UWA accepted, the transfer of all assets effective July 1, 2009.

On December 18, 2009, UWW agreed to a $6,000,000 construction loan to partially fund the renovation of its building in Alexandria, Virginia. The interest rate on the loan is LIBOR plus 2.5%. As of January 1, 2010 no amounts had been advanced on the loan. The maximum amount of outstanding principal on the loan cannot exceed the following amounts:

Period	*Outstanding Principal Maximum*
December 18, 2009 – April 29, 2011	$ 6,000,000
April 30, 2011 – April 29, 2012	$ 4,500,000
April 30, 2012 – April 29, 2013	$ 2,700,000
April 30, 2013 – April 29, 2014	$ 1,500,000
April 30, 2014 and thereafter	$ -

Supplemental Material

(in thousands)

Year ended December 31, 2008

	Program Services								Supporting Services			
	Investor Relations	Community Impact Leadership	Center for Community Leadership	Public Policy	Brand Leadership	Enterprise Services	Campaign and Public Relations	Total Program * Services	General and Administrative	Fund Raising	Total Supporting Services	Total * Expenses
Salaries	$ 3,293	$ 3,689	$ 2,463	$ 570	$ 3,123	$ 452	$ 790	$ 14,380	$ 3,320	$ 510	$ 3,830	$ 18,210
Employee benefits and taxes	668	753	489	116	633	96	165	2,920	595	105	700	3,620
Professional fees and contract services	1,276	2,024	1,463	172	3,464	173	438	9,010	1,178	101	1,279	10,289
Conferences and travel	606	583	1,650	75	311	74	34	3,333	207	46	253	3,586
Subscriptions, dues, and staff development	28	26	33	25	105	3	-	220	144	5	149	369
Scholarships, grants, and awards	64	4,682	780	12	263	6	-	5,807	46	166	212	6,019
Supplies	61	86	79	13	182	9	9	439	171	16	187	626
Telephone	158	155	72	22	132	58	25	622	100	56	156	778
Postage and shipping	21	20	26	3	29	1	6	106	28	2	30	136
Occupancy	169	221	129	34	133	18	244	948	512	23	535	1,483
Other expenses	22	25	15	5	85	3	13	168	154	5	159	327
Depreciation and amortization	143	200	113	31	118	15	47	667	154	20	174	841
Total expenses	$ 6,509	$ 12,464	$ 7,312	$ 1,078	$ 8,578	$ 908	$ 1,771	$ 38,620	$ 6,609	$ 1,055	$ 7,664	$ 46,284

** Distributions are not included in Total Program Services or Total Expenses on this schedule.*

United Way of America

Schedule of Functional Expenses
(in thousands)

Year ended December 31, 2007

	Program Services								Supporting Services			
	Investor Relations	Community Impact Leadership	Center for Community Leadership	Public Policy	Brand Leadership	Enterprise Services	Campaign and Public Relations	Total Program * Services	General and Administrative	Fund Raising	Total Supporting Services	Total * Expenses
Salaries	$ 3,239	$ 2,743	$ 2,413	$ 1,789	$ 2,983	$ 590	$ 665	$ 14,422	$ 2,860	$ 338	$ 3,198	$ 17,620
Employee benefits and taxes	738	611	547	408	676	134	137	3,251	656	77	733	3,984
Professional fees and contract services	1,123	1,726	1,208	560	3,961	260	107	8,945	1,242	46	1,288	10,233
Conferences and travel	745	334	1,582	295	442	75	30	3,503	215	39	254	3,757
Subscriptions, dues, and staff development	33	16	35	40	42	8	-	174	150	1	151	325
Scholarships, grants, and awards	12	457	10	5,342	12	2	-	5,835	9	-	9	5,844
Supplies	113	80	116	71	190	392	11	973	94	4	98	1,071
Telephone	140	90	57	61	82	25	25	480	84	26	110	590
Postage and shipping	26	15	34	14	15	1	1	106	22	1	23	129
Occupancy	210	190	176	153	202	27	224	1,182	439	-	439	1,621
Other expenses	6	135	-	520	128	-	289	1,078	95	1	96	1,174
Depreciation and amortization	148	135	115	109	141	19	4	671	116	-	116	787
Total expenses	$ 6,533	$ 6,532	$ 6,293	$ 9,362	$ 8,874	$ 1,533	$ 1,493	$ 40,620	$ 5,982	$ 533	$ 6,515	$ 47,135

** Distributions are not included in Total Program Services or Total Expenses on this schedule.*