

**INLAND EMPIRE UNITED WAY**

**Financial Statements for the Year Ended June 30, 2012  
and Independent Auditor's Report**

**INLAND EMPIRE UNITED WAY**

**June 30, 2012**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Inland Empire United Way  
9644 Hermosa Avenue  
Rancho Cucamonga, California 91730

We have audited the accompanying financial statements of the Inland Empire United Way (the Organization) as of June 30, 2012, and 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 financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's financial statements and, in our report dated November 7, 2012 we expressed an unqualified opinion on these 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Inland Empire United Way as of June 30, 2012, and the changes in its net assets, cash flows and functional expenses for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Vicenti, Lloyd & Stutzman LLP*  
VICENTI, LLOYD & STUTZMAN LLP

November 7, 2012

**INLAND EMPIRE UNITED WAY**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2012**  
**(With Comparative Totals for 2011)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2012</u>	<u>Total 2011</u>
<b><u>ASSETS</u></b>				
Current Assets:				
Cash and cash equivalents	\$ 500,290	\$	\$ 500,290	\$ 585,395
Pledges receivable		1,633,153	1,633,153	1,669,480
Less allowance for uncollectible		(237,985)	(237,985)	(247,772)
Designations receivable		39,315	39,315	26,723
Operating receivables	1,194		1,194	692
Short-term investments	600,000		600,000	200,000
Inventory	1,644,252		1,644,252	1,904,590
Prepaid expenses	13,679		13,679	5,979
Deposits	21,150		21,150	21,150
Total Current Assets	<u>2,780,565</u>	<u>1,434,483</u>	<u>4,215,048</u>	<u>4,166,237</u>
Non-Current Assets:				
Equipment and leasehold improvements	892,206		892,206	887,287
Less accumulated depreciation	(828,247)		(828,247)	(776,996)
Total Non-Current Assets	<u>63,959</u>	<u>-</u>	<u>63,959</u>	<u>110,291</u>
Total assets	<u>\$ 2,844,524</u>	<u>\$ 1,434,483</u>	<u>\$ 4,279,007</u>	<u>\$ 4,276,528</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
Liabilities:				
Designations payable	\$ 47,589	\$	\$ 47,589	\$ 33,252
Operating accounts payable	26,727		26,727	26,909
Accrued expenses	116,056		116,056	95,734
Total liabilities	<u>190,372</u>	<u>-</u>	<u>190,372</u>	<u>155,895</u>
Net Assets:				
Unrestricted net assets				
Unappropriated	2,206,948		2,206,948	2,224,998
Board appropriated	447,204		447,204	447,204
Temporarily restricted		1,434,483	1,434,483	1,448,431
Total net assets	<u>2,654,152</u>	<u>1,434,483</u>	<u>4,088,635</u>	<u>4,120,633</u>
Total liabilities and net assets	<u>\$ 2,844,524</u>	<u>\$ 1,434,483</u>	<u>\$ 4,279,007</u>	<u>\$ 4,276,528</u>

See the accompanying auditor's report and notes to the financial statements.

**INLAND EMPIRE UNITED WAY**

**STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2012**

**(With Comparative Totals for 2011)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2012</u>	<u>Total 2011</u>
<b><u>PUBLIC SUPPORT AND OTHER REVENUES</u></b>				
Campaign Revenue:				
Gross campaign result (prior years)	\$ 290,056	\$	\$ 290,056	\$ 218,063
Less designations & pass-through	(213,886)		(213,886)	(262,431)
Net campaign revenue (prior years)	<u>76,170</u>	<u>-</u>	<u>76,170</u>	<u>(44,368)</u>
Gross campaign result (current year)		3,522,764	3,522,764	3,048,028
Less designations & pass through		(1,236,587)	(1,236,587)	(994,543)
Less provision for uncollectible		(305,026)	(305,026)	(335,246)
Net campaign revenue (current year)	<u>-</u>	<u>1,981,151</u>	<u>1,981,151</u>	<u>1,718,239</u>
Net campaign revenue	<u>76,170</u>	<u>1,981,151</u>	<u>2,057,321</u>	<u>1,673,871</u>
Other Revenues:				
Gifts in kind	1,398,495		1,398,495	2,523,082
Service fees	23,505		23,505	58,504
Program fees	87,378		87,378	94,087
Grants and contracts	1,091,728		1,091,728	1,091,531
Investment income	1,254		1,254	1,030
Sales and miscellaneous income	(765)		(765)	145
Sponsorships	46,489		46,489	11,929
Net assets released from restriction	<u>1,995,099</u>	<u>(1,995,099)</u>	<u>-</u>	<u>-</u>
Total other revenue	<u>4,643,183</u>	<u>(1,995,099)</u>	<u>2,648,084</u>	<u>3,780,308</u>
Total public support and other revenues	<u>4,719,353</u>	<u>(13,948)</u>	<u>4,705,405</u>	<u>5,454,179</u>
<b><u>EXPENSES</u></b>				
Program Services:				
Gross funds awarded/distributed	1,738,260		1,738,260	1,540,377
Less donor designations	<u>(1,230,234)</u>		<u>(1,230,234)</u>	<u>(1,071,315)</u>
Net funds awarded/distributed	<u>508,026</u>	<u>-</u>	<u>508,026</u>	<u>469,062</u>
Community Programs:				
211 Initiative	1,003,613		1,003,613	1,056,192
Education & Health Initiative	2,099,837		2,099,837	2,066,936
Volunteer Initiative	357,383		357,383	285,383
Other initiatives	<u>141,190</u>		<u>141,190</u>	<u>208,671</u>
Total Community Service	<u>3,602,023</u>	<u>-</u>	<u>3,602,023</u>	<u>3,617,182</u>
Supporting Services:				
Management and general	176,082		176,082	172,254
Fund raising	<u>451,272</u>		<u>451,272</u>	<u>371,441</u>
Total supporting services	<u>627,354</u>	<u>-</u>	<u>627,354</u>	<u>543,695</u>
Total expenses	<u>4,737,403</u>	<u>-</u>	<u>4,737,403</u>	<u>4,629,939</u>
Change in net assets	(18,050)	(13,948)	(31,998)	824,240
Net Assets - beginning of year	<u>2,672,202</u>	<u>1,448,431</u>	<u>4,120,633</u>	<u>3,296,393</u>
Net Assets - end of year	<u>\$ 2,654,152</u>	<u>\$ 1,434,483</u>	<u>\$ 4,088,635</u>	<u>\$ 4,120,633</u>

See the accompanying auditor's report and notes to the financial statements.

**INLAND EMPIRE UNITED WAY**

**STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2012**

(With Comparative Totals for 2011)

	<b>2012</b>	<b>2011</b>
<b>Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities</b>		
Change in net assets	\$ (31,998)	\$ 824,240
<b>Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities</b>		
Non-cash gifts received	(1,398,495)	(2,523,082)
Non-cash gifts made	1,660,407	1,548,302
Depreciation	51,251	145,499
Loss (gain) on uncollectible pledges	(9,787)	(95,808)
(Increase)/decrease in:		
Pledge and other receivables	23,233	383,710
Inventory	(1,574)	75
Prepaid expenses and deposits	(7,700)	37,224
Increase/(decrease) in:		
Designations payable	14,337	(498)
Accrued expenses and operating account payable	20,140	(38,506)
Total adjustments	351,812	(543,084)
<b>Net Cash Provided by Operating Activities</b>	<b>319,814</b>	<b>281,156</b>
<b>Cash Flows from Investing Activities</b>		
Leasehold improvements and equipment acquisitions	(4,919)	(13,373)
Maturity of short-term investments	500,000	
Purchase of short-term investments	(900,000)	(200,000)
<b>Net Cash Used by Investing Activities</b>	<b>(404,919)</b>	<b>(213,373)</b>
<b>Net Increase (Decrease) in Cash</b>	<b>(85,105)</b>	<b>67,783</b>
<b>Cash - Beginning of Year</b>	<b>585,395</b>	<b>517,612</b>
<b>Cash - End of Year</b>	<b>\$ 500,290</b>	<b>\$ 585,395</b>

See the accompanying auditor's report and notes to the financial statements.

INLAND EMPIRE UNITED WAY

Statement of Functional Expenses  
For the Year Ended June 30, 2012

(With Comparative Totals for 2011)

	Community Programs				Supporting Services			Total		
	211 Initiative	Education & Health Initiative	Volunteer Initiative	Other Initiatives	Total	Management & General	Fund Raising		Total	
<b>Personnel Expenses:</b>										
Salaries and wages	\$ 599,589	\$ 200,988	\$ 233,186	\$ 84,128	\$ 1,117,891	\$ 93,066	\$ 268,954	\$ 362,020	\$ 1,479,911	\$ 1,420,736
Payroll taxes	50,002	16,988	19,627	6,437	93,054	7,889	23,563	31,452	124,506	127,442
Travel and per diem	3,477	4,235	1,866	4,236	13,814	2,585	8,281	10,866	24,680	26,668
Employee benefits	131,187	40,321	33,859	14,085	219,452	15,441	40,001	55,442	274,894	264,543
<b>Total Personnel Expenses</b>	<b>784,255</b>	<b>262,532</b>	<b>288,538</b>	<b>108,886</b>	<b>1,444,211</b>	<b>118,981</b>	<b>340,799</b>	<b>459,780</b>	<b>1,903,991</b>	<b>1,839,389</b>
<b>Other Operating Expenses:</b>										
Consulting	1,927		1,000		2,927		400	400	3,327	10,350
Contract labor	1,628	198	23,670	44	25,540	82	32,464	32,546	58,086	2,685
Events	1,847	916	54	46	2,863	265	7,448	7,713	10,576	12,073
Fees		59,419			59,419				59,419	10,376
Food		1,649,717	5,411	1,612	1,655,128	3,711	3,498	7,209	1,655,128	54,048
Gifts in-kind	12,625	5,437	1,912		21,586	13,646		13,646	28,795	1,548,302
Insurance	2,000				2,000				15,646	27,426
Legal and accounting	3,800	2,708	559	505	7,572	1,073	5,085	6,158	13,730	12,785
Maintenance/repairs - equipment	4,405	3,711	677	747	9,540	770	1,342	2,112	11,652	10,587
Maintenance/repairs - facility	6,874	7,158	2,258	4,614	20,904	4,143	3,210	7,353	28,257	13,553
Misc expenses	5,260	1,762	560	98	7,680	194	2,290	2,484	10,164	11,013
Printing	1,173	996	178	207	2,554	220	358	578	3,132	6,434
Rent/lease - equipment	73,278	56,356	11,401	12,785	153,820	12,420	22,760	35,180	189,000	2,918
Rent/lease - facility	4,824	1,569	2,025	1,866	10,284	831	1,412	2,243	12,527	241,971
Seminar/training expense	7,805	1,353	4,003	192	13,353	399	3,204	3,603	16,956	12,403
Subscriptions, dues and association fees	14,000	8,576	4,757	755	28,088	1,538	7,922	9,460	37,548	20,763
Supplies	4,050				4,050				4,050	31,358
Technical support	27,586	14,241	2,956	2,321	47,104	5,362	4,988	10,350	57,454	7,015
Telephone & internet	10,897	7,313	1,704	1,858	21,772	1,682	3,387	5,069	26,841	73,220
Utilities	772	639	334	38	1,783	314	855	1,169	2,952	30,716
Volunteer meetings and meals	184,751	1,822,069	63,459	27,688	2,097,967	46,650	100,623	147,273	2,245,240	5,063
<b>Total Other Functional Expense</b>	<b>22,130</b>	<b>9,743</b>	<b>3,444</b>	<b>2,952</b>	<b>38,269</b>	<b>6,683</b>	<b>6,299</b>	<b>12,982</b>	<b>51,251</b>	<b>4,160,877</b>
Depreciation expense	12,477	5,493	1,942	1,664	21,576	3,768	3,551	7,319	28,895	145,499
United Way Fairshare										
<b>Total Operating Expense</b>	<b>1,003,613</b>	<b>2,099,837</b>	<b>357,383</b>	<b>141,190</b>	<b>3,602,023</b>	<b>176,082</b>	<b>451,272</b>	<b>627,354</b>	<b>4,229,377</b>	<b>4,629,939</b>
Funds awarded/distributed				1,738,260	1,738,260				1,738,260	1,540,377
Less donor designations				(1,230,234)	(1,230,234)				(1,230,234)	(1,071,315)
<b>Total Functional Expense</b>	<b>\$ 1,003,613</b>	<b>\$ 2,099,837</b>	<b>\$ 357,383</b>	<b>\$ 649,216</b>	<b>\$ 4,110,049</b>	<b>\$ 176,082</b>	<b>\$ 451,272</b>	<b>\$ 627,354</b>	<b>\$ 4,737,403</b>	<b>\$ 4,629,939</b>

See the accompanying auditor's report and notes to the financial statements.

**INLAND EMPIRE UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:**

**NATURE OF AND MISSION OF ORGANIZATION**

The Inland Empire United Way (the Organization) was organized under the laws of the State of California as a nonprofit public benefit corporation on January 14, 1992, as the Mt. Baldy United Way. The Organization works in partnership with local community leaders, businesses, government agencies, nonprofit organizations and individuals to build a stronger community. The mission of the Organization is to engage the caring power of communities to make positive, sustainable changes, improve lives, and assist in times of disaster.

The Organization's service area covers regions of Los Angeles, San Bernardino and Riverside counties in California.

**CAMPAIGN PLEDGES AND APPROPRIATIONS**

An annual fundraising campaign is conducted each fall to obtain donations and pledges to fund the subsequent year's operations. Accordingly, a receivable is recorded at year-end for outstanding campaign pledges with an allowance for amounts estimated to be uncollectible. Substantially all of the pledges receivable at June 30, 2012, are from corporations and individuals. The Organization maintains reserves for potential uncollectible pledges which, in the aggregate, have not exceeded management's expectations. After two years, uncollected campaign pledges are written off.

Donations and pledges to specific programs are recorded as temporarily restricted revenues in the campaign year and released into unrestricted net assets as time restrictions are satisfied in the subsequent years. Donor designated pledges are accounted for as a liability until dispensed to the designated agency. Those amounts are not accounted for as revenue by the Organization but are reported as part of campaign results from which the amounts are then deducted to arrive at campaign revenue.

Provision for uncollectible pledges is computed based upon historical averages adjusted by management estimates of current economic factors, applied to gross campaign revenue excluding donor designations.



**INLAND EMPIRE UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:**  
**(continued)**

**CAMPAIGN PLEDGES AND APPROPRIATIONS** (continued)

Donor designated pledges are assessed both a fundraising and a processing fee based on actual historical costs in accordance with United Way of America membership standards as outlined in their publication entitled *United Way of America Implementation Requirements for Membership Standard M (Cost Deduction for Designated Funds)*.

**BASIS OF PRESENTATION**

The Organization follows standards of accounting and financial reporting for voluntary health and welfare organizations as described in the American Institute of Certified Public Accountants' *Audit and Accounting Guide for Not-For-Profit Organizations*. Accordingly, the financial statements are prepared on the accrual basis of accounting.

The Organization maintains its accounts in accordance with the principles of fund accounting. All financial transactions have been recorded in and reported by the following net asset groups:

Unrestricted net assets represent resources over which the Board of Directors has discretionary control and are used to carry out operations of the Organization in accordance with its bylaws. The use of portions of these assets has been designated by the Board of Directors for specific purposes.

Temporarily Restricted net assets are primarily comprised of pledges receivable from the annual campaign, which are restricted for allocation to agencies, program funding and operating expenses in the coming year, or which carry time or purpose restrictions as specified by the donor.

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Organization. The Organization does not have any permanently restricted net assets.

**ACCOUNTING ESTIMATES**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (US GAAP) requires the use of certain estimates by management. The significant items in these statements that are affected by management estimates are allowance for doubtful accounts, depreciation, valuation of donated services and materials, and allocations of functional expenses.

**INLAND EMPIRE UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:**  
**(continued)**

**CONTRIBUTIONS**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional, and are recorded as unrestricted, temporarily restricted or permanently restricted, depending on the existence and nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of demand deposits in banks, cash on hand and money market accounts. For the purpose of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**INVESTMENTS**

The Organization maintains investments in certificates of deposit with original maturities of over 90 days. Investments are reported at fair value.

The organization maintains its certificates of deposit with several financial institutions which are secured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2012, none of the Organization's certificates of deposit balances were exposed to uninsured credit risk.

**INLAND EMPIRE UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:**  
**(continued)**

**INVENTORY AND GIFTS IN-KIND**

Inventory consists primarily of school supplies, children's books, children's clothing and foodstuffs, and is valued at the lower of cost or net realizable value, on the first-in-first out method. This inventory is held primarily for distribution without charge to schools, teachers, and children through the Organization's various programs. Significant portions of the inventory are donated, primarily by large corporations within the Organization's service area. These donations are recorded as in-kind gifts at the estimated net realizable value of the items at the time of the donation.

**PROPERTY AND EQUIPMENT AND DEPRECIATION**

It is the practice of the Organization to capitalize equipment and leasehold improvements in excess of \$500. Purchased equipment and leasehold improvements are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value on the date of the gift. Major improvements and renewals are capitalized, while ordinary maintenance and repairs are expensed. Management annually reviews these assets to determine whether carrying values have been impaired. Depreciation is calculated using the straight-line method over three to seven years.

**FUNCTIONAL EXPENSES**

Functional expenses are charged to each program based on direct expenditures incurred. Any program expenses not directly chargeable are allocated to program services and supporting services based on analysis of personnel time as recommended by the United Way in its publication, *United Way of America Functional Expenses and Overhead Reporting Standards* (revised 2003).

**DONATED SERVICES**

During the year ended June 30, 2012, the value of contributed services received that met the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization at its facilities, but these services do not meet the criteria for recognition as contributed services.

**INLAND EMPIRE UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:**  
**(continued)**

**INCOME TAXES**

The Organization is a not-for-profit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and section 23701d of the California Revenue and Taxation Code. It is classified by the Internal Revenue Service as other than a private foundation.

The Organization has evaluated its tax positions and the certainty as to whether those positions will be sustained in the event of any audit by taxing authorities at the federal and state levels. The primary tax positions evaluated relate to the Organization's continued qualification as a tax-exempt organization and whether there are unrelated business income activities that would be taxable. Management has determined that all income tax positions will more likely than not (>50%) be sustained upon potential audit or examination; therefore, no disclosures of uncertain income tax positions are required.

The Organization files informational returns in the U.S. federal jurisdiction and the state of California. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

**CONCENTRATION OF CREDIT RISK**

The Organization maintains deposits in three banks located in Southern California which are secured by the Federal Deposit Insurance Corporation up to \$250,000 at each bank. The balances in these banks at June 30, 2012 exceeded the insured limit by \$24,653. Management does not consider this concentration to be a significant credit risk.

**SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through November 7, 2012, which is the date these financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure.

**INLAND EMPIRE UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:**  
**(continued)**

**COMPARATIVE TOTALS AND RECLASSIFICATIONS**

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2011, from which the summarized information was derived.

Certain 2011 amounts have been reclassified to conform to the 2012 financial statement presentation. Net assets and changes in net assets are unchanged due to these reclassifications.

**NOTE 2 – CASH:**

Cash and cash equivalents consist of the following:

	<u>2012</u>	<u>2011</u>
Petty cash	\$ 1,000	\$ 1,100
Cash in interest bearing checking and savings accounts	337,611	463,248
Cash in money market accounts	<u>161,679</u>	<u>121,047</u>
	<u>\$ 500,290</u>	<u>\$ 585,395</u>

**NOTE 3 – INVESTMENTS:**

Investments at June 30, 2012, consist of certificates of deposit of \$600,000 recorded at fair value. Fair value has been determined based on level 1 fair value measurements. Level 1 is defined as quoted prices in an active market for identical assets.

**INLAND EMPIRE UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 4 – PLEDGES RECEIVABLE:**

Pledges receivable consist of:

	<u>2012</u>	<u>2011</u>
Current year's campaign	1,321,171	1,333,000
Prior year's campaigns	311,982	336,479
Designations receivable	<u>39,315</u>	<u>26,723</u>
	1,672,468	1,696,202
Less allowance for uncollectible	<u>(237,985)</u>	<u>(247,772)</u>
	<u>\$ 1,434,483</u>	<u>\$ 1,448,430</u>

Pledges receivable from seven major corporate donors, which also collect individual employee pledges and remit them to the Organization, comprise approximately 55% of the total gross receivables for both the current and prior campaign years.

**NOTE 5 – EQUIPMENT AND LEASEHOLD IMPROVEMENTS:**

Equipment and leasehold improvements include the following at June 30:

	<u>2012</u>	<u>2011</u>
Leasehold improvements	\$ 350,964	\$ 350,964
Vehicles	106,439	106,439
Computer equipment	107,980	103,061
Furniture and equipment	250,605	250,605
Computer software	<u>76,218</u>	<u>76,218</u>
	892,206	887,287
Less: accumulated depreciation	<u>(828,247)</u>	<u>(776,996)</u>
Net equipment and leasehold improvements	<u>\$ 63,959</u>	<u>\$ 110,291</u>

**INLAND EMPIRE UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 6 – NET ASSETS:**

The components of net assets were as follows on June 30:

	<u>2012</u>	<u>2011</u>
Unrestricted:		
Designated for campaign reserve	\$ 321,030	\$ 321,030
Quasi-endowment, United Way of East Valley	<u>126,174</u>	<u>126,174</u>
Total Designated	447,204	447,204
Unappropriated	<u>2,206,948</u>	<u>2,224,998</u>
Total Unrestricted	2,654,152	2,672,202
Temporarily Restricted:		
Pledges and designations receivable, net of allowance for uncollectible	<u>1,434,483</u>	<u>1,448,431</u>
Total net assets	<u>\$ 4,088,635</u>	<u>\$ 4,120,633</u>

**NOTE 7 – OPERATING LEASES:**

The Organization leases office space under operating leases. These leases expire on various dates through December 31, 2015. In addition to the base rent, the Organization is required to pay utilities, insurance, and maintenance. Rental expense for the year ended June 30, 2012, was \$189,000. The following is a schedule of future minimum rental payments required under the above operating leases as of June 30, 2012:

<u>Year Ending June 30,</u>	<u>Amount</u>
2013	176,250
2014	198,000
2015	204,000
2016	<u>103,500</u>
Total	<u>681,750</u>

**NOTE 8 – EMPLOYEE BENEFITS:**

Employee benefits payable consist of payroll taxes, 403(b) retirement plan, health care benefits, long-term disability and workers' compensation insurance. Accrued vacation totaled \$68,876 at June 30, 2012. This liability is included with the amount reported as accrued expenses.

**INLAND EMPIRE UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9 – RETIREMENT PLAN:**

Effective November 1, 1993, Mt. Baldy United Way established a 403(b) retirement plan for its employees. All employees are eligible for salary deferrals and employer matching contributions immediately upon employment. The employees may contribute up to 20% of their annual wages and the Organization will match 25% of the employee contribution up to 8% of employee compensation. The Board may change the employer contribution annually. Employer matching contributions to the plan were \$3,694 for the year ended June 30, 2012. Participants are 100% vested in all contributions.