

**INLAND EMPIRE UNITED WAY**

**Financial Statements for the Year Ended June 30, 2015  
and Independent Auditor's Report  
with  
Comparative Totals for the Year Ended June 30, 2014**

**INLAND EMPIRE UNITED WAY**

**June 30, 2015**

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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 statement of financial position of the Inland Empire United Way (the Organization) as of June 30, 2015 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

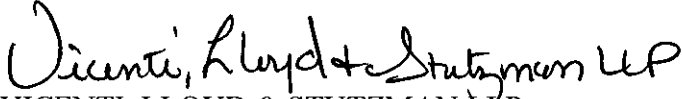
To the Board of Directors  
Inland Empire United Way

### **Opinion**

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Inland Empire United Way as of June 30, 2015 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Summarized Comparative Information**

We have previously audited the Organization's 2014 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated October 14, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

  
VICENTI, LLOYD & STUTZMAN LLP  
Glendora, California  
December 15, 2015

**INLAND EMPIRE UNITED WAY**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2015**

(With Comparative Totals for 2014)

<u>ASSETS</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2015</u>	<u>Total 2014</u>
Current Assets:				
Cash and cash equivalents	\$ 1,146,013	\$	\$ 1,146,013	\$ 949,485
Pledges receivable		1,672,757	1,672,757	1,777,244
Less allowance for uncollectible		(220,750)	(220,750)	(240,402)
Designations receivable			-	29,981
Operating receivables	3,870		3,870	4,464
Short-term investments	500,000		500,000	550,000
Inventory	2,140,099		2,140,099	2,252,828
Prepaid expenses	19,935		19,935	12,362
Deposits	21,150		21,150	46,150
Total current assets	<u>3,831,067</u>	<u>1,452,007</u>	<u>5,283,074</u>	<u>5,382,112</u>
Non-current assets:				
Equipment and leasehold improvements	1,136,134		1,136,134	932,254
Less accumulated depreciation	(962,594)		(962,594)	(909,605)
Net equipment and leasehold improvements	173,540	-	173,540	22,649
Works of art, held for sale		180,000	180,000	-
Total non-current assets	<u>173,540</u>	<u>180,000</u>	<u>353,540</u>	<u>22,649</u>
Total assets	<u>\$ 4,004,607</u>	<u>\$ 1,632,007</u>	<u>\$ 5,636,614</u>	<u>\$ 5,404,761</u>
<u>LIABILITIES AND NET ASSETS</u>				
Liabilities:				
Designations payable	\$ 60,205	\$	\$ 60,205	\$ 51,524
Operating accounts payable	48,205		48,205	58,110
Accrued expenses	414,709		414,709	167,057
Total liabilities	<u>523,119</u>	<u>-</u>	<u>523,119</u>	<u>276,691</u>
Net Assets:				
Unrestricted net assets				
Unappropriated	3,160,458		3,160,458	3,240,217
Board appropriated	321,030		321,030	321,030
Temporarily restricted		1,632,007	1,632,007	1,566,823
Total net assets	<u>3,481,488</u>	<u>1,632,007</u>	<u>5,113,495</u>	<u>5,128,070</u>
Total liabilities and net assets	<u>\$ 4,004,607</u>	<u>\$ 1,632,007</u>	<u>\$ 5,636,614</u>	<u>\$ 5,404,761</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, 2015**

(With Comparative Totals for 2014)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2015</u>	<u>Total 2014</u>
<b><u>PUBLIC SUPPORT AND OTHER REVENUES</u></b>				
Campaign Revenue:				
Gross campaign result (prior years)	\$ 152,220	\$	\$ 152,220	\$ 128,193
Less designations & pass-through	<u>(32,547)</u>	<u></u>	<u>(32,547)</u>	<u>(66,004)</u>
Net campaign revenue (prior years)	<u>119,673</u>	<u>-</u>	<u>119,673</u>	<u>62,189</u>
Gross campaign result (current year)		3,439,209	3,439,209	3,427,388
Less designations & pass through		<u>(1,303,226)</u>	<u>(1,303,226)</u>	<u>(1,248,736)</u>
Less bad debt expense		<u>(225,330)</u>	<u>(225,330)</u>	<u>(306,699)</u>
Net campaign revenue (current year)	<u>-</u>	<u>1,910,653</u>	<u>1,910,653</u>	<u>1,871,953</u>
Net campaign revenue	<u>119,673</u>	<u>1,910,653</u>	<u>2,030,326</u>	<u>1,934,142</u>
Other Revenues:				
Gifts in kind	1,982,810	180,000	2,162,810	2,292,405
Service fees	33,605		33,605	37,637
Program fees	42,109		42,109	52,511
Grants and contracts	1,993,432		1,993,432	1,668,450
Investment income	1,588		1,588	1,623
Sales and miscellaneous income	<u>(998)</u>		<u>(998)</u>	<u>13</u>
Sponsorships	21,635		21,635	64,275
Net assets released from restriction	<u>2,025,469</u>	<u>(2,025,469)</u>	<u>-</u>	<u>-</u>
Total other revenue	<u>6,099,650</u>	<u>(1,845,469)</u>	<u>4,254,181</u>	<u>4,116,914</u>
Total public support and other revenues	<u>6,219,323</u>	<u>65,184</u>	<u>6,284,507</u>	<u>6,051,056</u>
<b><u>EXPENSES</u></b>				
Program Services:				
Gross funds awarded/distributed	2,117,035		2,117,035	1,773,548
Less donor designations	<u>(1,303,226)</u>	<u></u>	<u>(1,303,226)</u>	<u>(1,248,736)</u>
Net funds awarded/distributed	<u>813,809</u>	<u>-</u>	<u>813,809</u>	<u>524,812</u>
Community Programs:				
211 Initiative	1,321,088		1,321,088	1,276,355
Education & Health Initiative	2,575,117		2,575,117	2,002,799
Volunteer Initiative	541,202		541,202	499,039
Other initiatives	<u>353,873</u>	<u></u>	<u>353,873</u>	<u>239,339</u>
Total community service	<u>4,791,280</u>	<u>-</u>	<u>4,791,280</u>	<u>4,017,532</u>
Supporting Services:				
Management and general	211,298		211,298	138,505
Fund raising	<u>482,695</u>	<u></u>	<u>482,695</u>	<u>486,503</u>
Total supporting services	<u>693,993</u>	<u>-</u>	<u>693,993</u>	<u>625,008</u>
Total expenses	<u>6,299,082</u>	<u>-</u>	<u>6,299,082</u>	<u>5,167,352</u>
Change in net assets	<u>(79,759)</u>	<u>65,184</u>	<u>(14,575)</u>	<u>883,704</u>
Net Assets - beginning of year	<u>3,561,247</u>	<u>1,566,823</u>	<u>5,128,070</u>	<u>4,244,366</u>
Net Assets - end of year	<u>\$ 3,481,488</u>	<u>\$ 1,632,007</u>	<u>\$ 5,113,495</u>	<u>\$ 5,128,070</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, 2015**

(With Comparative Totals for 2014)

	<b>2015</b>	<b>2014</b>
<b>Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities</b>		
Change in net assets	\$ (14,575)	\$ 883,704
<b>Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities</b>		
Non-cash gifts received	(1,982,810)	(2,292,405)
Non-cash gifts made	2,091,579	1,530,246
Non-cash gifts received - works of art	(180,000)	
Depreciation	52,989	18,301
Decrease in allowance	(19,652)	(28,249)
(Increase)/decrease in:		
Pledge and other receivables	135,062	107,876
Inventory	3,960	62
Prepaid expenses and deposits	17,427	(17,207)
Increase/(decrease) in:		
Designations payable	8,681	5,845
Accrued expenses and operating account payable	<u>237,747</u>	<u>58,412</u>
Total adjustments	<u>364,983</u>	<u>(617,119)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>350,408</u>	<u>266,585</u>
<b>Cash Flows from Investing Activities</b>		
Leasehold improvements and equipment acquisitions	(203,880)	(13,007)
Maturity of short-term investments	550,000	400,000
Purchase of short-term investments	<u>(500,000)</u>	<u>(550,000)</u>
<b>Net Cash Used by Investing Activities</b>	<u>(153,880)</u>	<u>(163,007)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	196,528	103,578
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>949,485</u>	<u>845,907</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u>\$ 1,146,013</u>	<u>\$ 949,485</u>

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, 2015**

(With Comparative Totals for 2014)

	Community Programs				Supporting Services			Total		
	211 Initiative	Education & Health Initiative	Volunteer Initiative	Other Initiatives	Total	Management & General	Fund Raising	Total	2015	2014
<b>Personnel Expenses:</b>										
Salaries and wages	\$ 805,607	\$ 233,306	\$ 357,466	\$ 166,293	\$ 1,562,672	\$ 33,758	\$ 260,763	\$ 294,521	\$ 1,857,193	\$ 1,800,966
Payroll taxes	69,312	20,073	30,755	14,307	134,447	3,808	23,219	27,027	161,474	151,393
Travel and per diem	7,661	2,066	2,453	4,200	16,380	441	6,052	6,493	22,873	27,105
Employee benefits	136,081	39,410	60,382	28,090	263,963	8,882	44,944	53,826	317,789	355,497
Total Personnel Expenses	<u>1,018,661</u>	<u>294,855</u>	<u>451,056</u>	<u>212,890</u>	<u>1,977,462</u>	<u>46,889</u>	<u>334,978</u>	<u>381,867</u>	<u>2,359,329</u>	<u>2,334,961</u>
<b>Other Operating Expenses:</b>										
Consulting	30,309	11,305	9,192	-	50,806	116,987	14,288	131,275	182,081	26,286
Contract labor	6,249	7,469	1,722	13,801	29,241	1,115	2,646	3,761	33,002	37,108
Events	1,159	632	30,244	335	32,370	-	46,281	46,281	78,651	70,990
Fees	87	1,120	173	19	1,399	185	1,671	1,856	3,255	11,616
Food	-	92,443	-	-	92,443	-	-	-	92,443	91,347
Gifts in-kind	-	2,091,579	-	-	2,091,579	-	-	-	2,091,579	1,530,246
Insurance	17,414	4,424	3,596	7,726	33,160	2,328	5,622	7,950	41,110	38,994
Legal and accounting	2,000	-	-	4,626	6,626	13,654	-	13,654	20,280	16,521
Maintenance/repairs - equipment	3,700	2,852	820	1,459	8,831	433	4,893	5,326	14,157	14,438
Maintenance/repairs - facility	5,524	1,442	1,172	2,159	10,297	759	1,826	2,585	12,882	16,718
Miscellaneous expenses	5,932	1,408	1,431	6,831	15,602	6,866	4,258	11,124	26,726	22,339
Printing	1,269	787	479	1,629	4,164	130	4,407	4,537	8,701	15,817
Rent/lease - equipment	1,324	351	286	535	2,496	224	445	669	3,165	3,498
Rent/lease - facility	87,790	23,949	19,471	32,902	164,112	12,602	30,286	42,888	207,000	195,001
Seminar/training expense	5,745	1,986	1,512	32,955	42,198	1,138	2,025	3,163	45,361	16,254
Subscriptions, dues and association fees	3,962	1,058	6,684	924	12,628	295	6,229	6,524	19,152	14,432
Supplies	9,643	22,367	1,478	2,612	36,100	692	4,898	5,590	41,690	36,105
Telephone & internet	50,524	3,415	2,013	19,345	75,297	1,348	3,382	4,730	80,027	63,027
Utilities	14,356	3,990	3,243	5,173	26,762	2,162	5,039	7,201	33,963	32,143
Volunteer meetings and meals	1,336	1,250	386	534	3,506	344	1,031	1,375	4,881	3,800
Total Other Functional Expense	<u>248,323</u>	<u>2,273,827</u>	<u>83,902</u>	<u>133,565</u>	<u>2,739,617</u>	<u>161,262</u>	<u>139,227</u>	<u>300,489</u>	<u>3,040,106</u>	<u>2,256,680</u>
Depreciation expense	40,190	2,883	3,357	1,303	47,733	1,278	3,978	5,256	52,989	18,301
United Way Fairshare	13,914	3,552	2,887	6,115	26,468	1,869	4,512	6,381	32,849	32,598
Total Operating Expense	<u>1,321,088</u>	<u>2,575,117</u>	<u>541,202</u>	<u>353,873</u>	<u>4,791,280</u>	<u>211,298</u>	<u>482,695</u>	<u>693,993</u>	<u>5,485,273</u>	<u>4,642,540</u>
Funds awarded/distributed	-	-	-	2,117,035	2,117,035	-	-	-	2,117,035	1,773,548
Less donor designations	-	-	-	(1,303,226)	(1,303,226)	-	-	-	(1,303,226)	(1,248,736)
Total Functional Expense	<u>\$ 1,321,088</u>	<u>\$ 2,575,117</u>	<u>\$ 541,202</u>	<u>\$ 1,167,682</u>	<u>\$ 5,605,089</u>	<u>\$ 211,298</u>	<u>\$ 482,695</u>	<u>\$ 693,993</u>	<u>\$ 6,299,082</u>	<u>\$ 5,167,352</u>

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



**INLAND EMPIRE UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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

**NATURE 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. In 2004, Mt. Baldy United Way merged with the Redlands United Way and became known as the Inland Empire 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.

**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.

**INLAND EMPIRE UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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

**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.

**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.

**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, 2015, are from corporations and individuals.

The Organization maintains reserves for potential uncollectible pledges which, in the aggregate, have not exceeded management's expectations. The reserve 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. 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.

**INLAND EMPIRE UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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

**CAMPAIGN PLEDGES AND APPROPRIATIONS** (continued)

Donor designated pledges are assessed 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)*.

**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.

**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 fair market 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.

**INLAND EMPIRE UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**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.

**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, 2015, 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, 2015**

**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 two banks located in Southern California which are secured by the Federal Deposit Insurance Corporation up to \$250,000 at each bank. Occasionally, the Organization may maintain balances in excess of the insured amount. Management does not consider this concentration to be a significant credit risk.

**INLAND EMPIRE UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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

**COMPARATIVE TOTALS**

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, 2014, from which the summarized information was derived.

**NOTE 2 – CASH:**

Cash and cash equivalents consist of the following:

	2015	2014
Petty cash	\$ 1,000	\$ 1,000
Cash in interest bearing checking and savings accounts	867,170	761,008
Cash in money market accounts	277,843	187,477
	\$ 1,146,013	\$ 949,485

**NOTE 3 – INVESTMENTS:**

Investments at June 30, 2015, consist of certificates of deposit of \$500,000 recorded at fair value. Fair value has been determined based on level 1 value measurements. Level 1 is defined as quoted prices in an active market for identical assets.

**NOTE 4 – WORKS OF ART – HELD FOR SALE:**

The Organization was the recipient of artwork during 2015. The artwork has been recorded at the appraisal value of \$180,000 at the time of donation. The artwork may be sold, but the Organization is required to sell the artwork at the appraised value at the time of donation. If sold within the three subsequent years after that time, the Organization may sell the artwork at the current market value. The artwork will be evaluated annually for impairment.

**INLAND EMPIRE UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 5 – PLEDGES RECEIVABLE:**

Pledges receivable consist of:

	<u>2015</u>	<u>2014</u>
Current year's campaign	\$ 1,293,688	\$ 1,448,094
Prior year's campaigns	379,069	329,150
Designations receivable	<u>-</u>	<u>29,981</u>
	1,672,757	1,807,225
Less allowance for uncollectible	<u>(220,750)</u>	<u>(240,402)</u>
	<u>\$ 1,452,007</u>	<u>\$ 1,566,823</u>

Pledges receivable from three major corporate donors, that also collect individual employee pledges and remit them to the Organization, comprise approximately 44% of the total gross receivables for both the current and prior campaign years.

**NOTE 6 – EQUIPMENT AND LEASEHOLD IMPROVEMENTS:**

Equipment and leasehold improvements include the following at June 30:

	<u>2015</u>	<u>2014</u>
Leasehold improvements	\$ 358,834	\$ 358,834
Vehicles	106,439	106,439
Computer equipment	155,666	136,245
Furniture and equipment	256,987	254,518
Computer software	<u>258,208</u>	<u>76,218</u>
	1,136,134	932,254
Less: accumulated depreciation	<u>(962,594)</u>	<u>(909,605)</u>
Net equipment and leasehold improvements	<u>\$ 173,540</u>	<u>\$ 22,649</u>

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**NOTE 7 – NET ASSETS:**

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

	<u>2015</u>	<u>2014</u>
Unrestricted:		
Designated for campaign reserve	\$ 321,030	\$ 321,030
Unappropriated	<u>3,160,458</u>	<u>3,240,217</u>
Total Unrestricted	<u>3,481,488</u>	<u>3,561,247</u>
Temporarily Restricted:		
Pledges and designations receivable, net of allowance for uncollectible	1,452,007	1,566,823
Works of art - held for sale	<u>180,000</u>	<u>          </u>
Total Temporarily Restricted	<u>1,632,007</u>	<u>1,566,823</u>
Total net assets	<u>\$ 5,113,495</u>	<u>\$ 5,128,070</u>

**NOTE 8 – OPERATING LEASES:**

The Organization leases office space under an operating lease agreement. This lease expires on 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, 2015, was \$207,000. The organization is currently negotiating the renewal of this lease. Future minimum rental payments required under the above operating lease was \$103,000 as of June 30, 2015.

**NOTE 9 – 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 \$103,992 at June 30, 2015. This liability is included with the amount reported as accrued expenses.



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**NOTE 10 – 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 \$8,238 for the year ended June 30, 2015. Participants are 100% vested in all contributions.

**NOTE 11 - SUBSEQUENT EVENTS:**

The Organization has evaluated subsequent events through December 15, 2015, which is the date these financial statements were available to be issued. Except as noted below, there were no subsequent events requiring recognition or disclosure.

Effective July 1, 2015, the Organization merged with the Desert Communities United Way. The Organization will now service the Pomona Valley, Victorville, Apple Valley, Hesperia, Adelanto and surrounding areas. The Organization will maintain local offices in both Rancho Cucamonga and Apple Valley. Management expects this to result in cost savings in order to further the mission and goals of the organization.

The following table summarizes the Desert Communities United Way and the amounts of the assets acquired and liabilities assumed and recognized at the acquisition date.

Assets acquired:	
Cash	\$ 242,314
Accounts receivable	160,761
Fixed assets	<u>11,204</u>
Fair value of total assets acquired	<u>414,279</u>
Liabilities assumed:	
Accounts payable and other	169,177
Designations and allocations	65,711
Reserve	<u>178,689</u>
Total liabilities assumed	<u>413,577</u>
Recognized amounts of identifiable assets acquired net of liabilities assumed	<u><u>\$ 702</u></u>