

INLAND EMPIRE UNITED WAY

**Financial Statements for the Year Ended June 30, 2017
And Independent Auditor's Report
With
Comparative Totals for the Year Ended June 30, 2016**

INLAND EMPIRE UNITED WAY

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June 30, 2017

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We have audited the accompanying financial statements of the Inland Empire United Way (the “Organization”) which comprise the statements of financial position as of June 30, 2017, 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 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 Organization’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, 2017, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Summarized Comparative Information

The June 30, 2016 summarized comparative information was derived from, and is consistent, in all material respects, with the Organization's June 30, 2016 audited financial statements. Those financial statements were audited by Vicenti, Lloyd & Stutzman LLP, whose practice became part of CliftonLarsonAllen LLP as of June 1, 2017, and whose report dated August 23, 2016, expressed an unmodified opinion on those statements.



CliftonLarsonAllen LLP
Glendora, California
November 2, 2017

INLAND EMPIRE UNITED WAY

STATEMENT OF FINANCIAL POSITION

June 30, 2017

(With Comparative Totals for 2016)

	Unrestricted	Temporarily Restricted	Total 2017	Total 2016
<u>ASSETS</u>				
Current Assets:				
Cash and cash equivalents	\$ 1,072,089	\$ 106,813	\$ 1,178,902	\$ 1,163,702
Cash held as fiscal agent	589,395		589,395	196,000
Pledges receivable		2,259,414	2,259,414	2,098,552
Less allowance for uncollectible		(295,031)	(295,031)	(144,121)
Short-term investments	600,000		600,000	500,000
Inventory	3,316,004		3,316,004	2,565,439
Prepaid expenses	2,034		2,034	66,916
Deposits	23,182		23,182	23,182
Total current assets	5,602,704	2,071,196	7,673,900	6,469,670
Non-current assets:				
Equipment and leasehold improvements	1,272,342		1,272,342	1,272,342
Less accumulated depreciation	(1,116,086)		(1,116,086)	(1,019,589)
Net equipment and leasehold improvements	156,256	-	156,256	252,753
Works of art, held for sale	-	20,000	20,000	20,000
Total non-current assets	156,256	20,000	176,256	272,753
 Total assets	 \$ 5,758,960	 \$ 2,091,196	 \$ 7,850,156	 \$ 6,742,423
<u>LIABILITIES AND NET ASSETS</u>				
Liabilities:				
Designations payable	\$ 29,640	\$	\$ 29,640	\$ 27,779
Operating accounts payable	7,974		7,974	8,913
Accrued expenses	323,311		323,311	250,185
Funds held as fiscal agent	589,395		589,395	196,000
Total liabilities	950,320	-	950,320	482,877
Net Assets:				
Unrestricted net assets				
Unappropriated	4,486,089		4,486,089	3,962,564
Board appropriated	322,551		322,551	322,551
Temporarily restricted		2,091,196	2,091,196	1,974,431
Total net assets	4,808,640	2,091,196	6,899,836	6,259,546
 Total liabilities and net assets	 \$ 5,758,960	 \$ 2,091,196	 \$ 7,850,156	 \$ 6,742,423

See accompanying notes to the financial statements.

INLAND EMPIRE UNITED WAY

STATEMENT OF ACTIVITIES For the Fiscal Year Ended June 30, 2017 (With Comparative Totals for 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2017</u>	<u>Total 2016</u>
<u>PUBLIC SUPPORT AND OTHER REVENUES</u>				
Campaign Revenue:				
Gross campaign result (prior years)	\$ 151,372	\$ -	\$ 151,372	\$ 130,003
Less designations & pass-through	(8,951)		(8,951)	(41,236)
Net campaign revenue (prior years)	<u>142,421</u>	<u>-</u>	<u>142,421</u>	<u>88,767</u>
Gross campaign result (current year)		3,443,307	3,443,307	3,593,082
Less designations & pass through		(962,384)	(962,384)	(1,113,766)
Less bad debt expense		(482,248)	(482,248)	(233,187)
Net campaign revenue (current year)	<u>-</u>	<u>1,998,675</u>	<u>1,998,675</u>	<u>2,246,129</u>
Net campaign revenue	<u>142,421</u>	<u>1,998,675</u>	<u>2,141,096</u>	<u>2,334,896</u>
Other Revenues:				
Gifts in kind	2,752,601		2,752,601	2,313,378
Service fees	18,142		18,142	28,653
Program fees	75		75	845
Grants and contracts	2,558,954		2,558,954	2,390,676
Investment income	3,424		3,424	2,365
Sales and miscellaneous income	11,106		11,106	100
Sponsorships	63,922		63,922	65,112
Net assets released from restriction	<u>1,881,910</u>	<u>(1,881,910)</u>	<u>-</u>	<u>-</u>
Total other revenue	<u>7,290,134</u>	<u>(1,881,910)</u>	<u>5,408,224</u>	<u>4,801,129</u>
Total public support and other revenues	<u>7,432,555</u>	<u>116,765</u>	<u>7,549,320</u>	<u>7,136,025</u>
<u>EXPENSES</u>				
Program Services:				
Gross funds awarded/distributed	1,604,636		1,604,636	1,716,209
Less donor designations	(962,384)		(962,384)	(1,113,766)
Net funds awarded/distributed	<u>642,252</u>	<u>-</u>	<u>642,252</u>	<u>602,443</u>
Community Programs:				
211 Initiative	2,206,761		2,206,761	1,688,588
Education & Health Initiative	3,078,790		3,078,790	2,396,620
Volunteer Initiative	-		-	468,123
Other Initiatives	213,664		213,664	214,095
Desert Communities	258,855		258,855	145,964
Total community service	<u>5,758,070</u>	<u>-</u>	<u>5,758,070</u>	<u>4,913,390</u>
Supporting Services:				
Management and general	84,332		84,332	275,279
Fund raising	424,376		424,376	480,864
Total supporting services	<u>508,708</u>	<u>-</u>	<u>508,708</u>	<u>756,143</u>
Total expenses	<u>6,909,030</u>	<u>-</u>	<u>6,909,030</u>	<u>6,271,976</u>
Change in net assets before acquisition income	523,525	116,765	640,290	864,049
Excess of fair value of net assets over consideration in acquisition of the acquired entity	-		-	282,002
Net Assets - beginning of year	<u>4,285,115</u>	<u>1,974,431</u>	<u>6,259,546</u>	<u>5,113,495</u>
Net Assets - end of year	<u>\$ 4,808,640</u>	<u>\$ 2,091,196</u>	<u>\$ 6,899,836</u>	<u>\$ 6,259,546</u>

See accompanying notes to the financial statements.

INLAND EMPIRE UNITED WAY

STATEMENT OF FUNCTIONAL EXPENSES

For the Fiscal Year Ended June 30, 2017

(With Comparative Totals for 2016)

	Community Programs				Supporting Services			Total		
	211 Initiative	Education & Health Initiative	Other Initiatives	Desert Communities	Total	Management & General	Fund Raising	Total	2017	2016
Personnel Expenses:										
Salaries and wages	\$ 1,342,330	\$ 645,765	\$ 77,236	\$ 152,418	\$ 2,217,749	\$ 39,157	\$ 198,004	\$ 237,161	\$ 2,454,910	\$ 2,141,596
Payroll taxes and other employer costs	140,220	76,232	7,677	15,263	239,392	2,918	18,783	21,701	261,093	182,740
Employee benefits	189,210	90,865	9,560	22,954	312,589	6,725	28,745	35,470	348,059	328,666
Total Personnel Expenses	<u>1,671,760</u>	<u>812,862</u>	<u>94,473</u>	<u>190,635</u>	<u>2,769,730</u>	<u>48,800</u>	<u>245,532</u>	<u>294,332</u>	<u>3,064,062</u>	<u>2,653,002</u>
Other Operating Expenses:										
Consulting	11,312	2,388	46,646	215	60,561	3,152	1,115	4,267	64,828	47,908
Contract labor	-	-	-	-	-	-	-	-	-	25,524
Events	11,848	17,181	21,912	3,163	54,104	33	84,367	84,400	138,504	73,458
Fees	179	1,228	14	138	1,559	176	13,866	14,042	15,601	12,154
Food	354	105,692	-	13,406	119,452	-	-	-	119,452	113,510
Gifts in-kind	-	2,002,036	-	-	2,002,036	-	-	-	2,002,036	1,884,078
Impairment of donated assets	-	-	-	-	-	-	-	-	-	160,000
Insurance	27,575	8,004	2,259	-	37,838	(1,323)	5,887	4,564	42,402	39,218
Legal and accounting	11,283	3,104	897	964	16,248	915	2,351	3,266	19,514	18,386
Maintenance/repairs - equipment	4,763	3,921	272	456	9,412	279	677	956	10,368	13,414
Maintenance/repairs - facility	10,408	3,248	1,018	1,025	15,699	648	2,522	3,170	18,869	18,513
Miscellaneous expenses	11,584	5,830	15,687	578	33,679	4,346	3,216	7,562	41,241	34,981
Printing	6,818	1,085	114	826	8,843	109	3,327	3,436	12,279	10,774
Rent/lease - equipment	1,475	409	121	2,628	4,633	124	304	428	5,061	5,023
Rent/lease - facility	132,139	36,864	10,948	20,728	200,679	11,188	27,381	38,569	239,248	183,443
Seminar/training expense	7,490	9,650	9,481	913	27,534	(661)	(689)	(1,350)	26,184	22,802
Subscriptions, dues and association fees	17,330	2,953	608	2,196	23,087	614	2,357	2,971	26,058	31,342
Supplies	29,430	16,125	726	2,993	49,274	878	5,061	5,939	55,213	64,470
Technical support	2,362	580	127	390	3,459	127	513	640	4,099	-
Telephone & internet	93,220	18,365	2,078	6,397	120,060	9,260	9,942	19,202	139,262	133,751
Travel and per diem	15,667	6,213	421	5,192	27,493	584	4,363	4,947	32,440	29,599
Utilities	30,717	5,372	1,594	3,074	40,757	1,630	3,990	5,620	46,377	35,288
Volunteer meetings and meals	793	1,379	89	532	2,793	276	345	621	3,414	5,579
Total Other Functional Expense	<u>426,747</u>	<u>2,251,627</u>	<u>115,012</u>	<u>65,814</u>	<u>2,859,200</u>	<u>32,355</u>	<u>170,895</u>	<u>203,250</u>	<u>3,062,450</u>	<u>2,963,215</u>
Depreciation expense	82,509	7,608	2,467	-	92,584	1,446	2,467	3,913	96,497	20,776
United Way Fairshare	25,745	6,693	1,712	2,406	36,556	1,731	5,482	7,213	43,769	32,540
Total Operating Expense	<u>2,206,761</u>	<u>3,078,790</u>	<u>213,664</u>	<u>258,855</u>	<u>5,758,070</u>	<u>84,332</u>	<u>424,376</u>	<u>508,708</u>	<u>6,266,778</u>	<u>5,669,533</u>
Funds awarded/distributed	85,249	-	1,396,655	122,732	1,604,636	-	-	-	1,604,636	1,716,209
Less donor designations	-	-	(937,655)	(24,729)	(962,384)	-	-	-	(962,384)	(1,113,766)
Total Functional Expense	<u>\$ 2,292,010</u>	<u>\$ 3,078,790</u>	<u>\$ 672,664</u>	<u>\$ 356,858</u>	<u>\$ 6,400,322</u>	<u>\$ 84,332</u>	<u>\$ 424,376</u>	<u>\$ 508,708</u>	<u>\$ 6,909,030</u>	<u>\$ 6,271,976</u>

See accompanying notes to the financial statements.

INLAND EMPIRE UNITED WAY
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2017
(With Comparative Totals for 2016)

	2017	2016
Reconciliation of Change in Net Assets to		
Net Cash Provided by Operating Activities		
Change in net assets	\$ 640,290	\$ 864,049
Adjustments to Reconcile Change in		
Net Assets to Net Cash Provided by		
Operating Activities		
Non-cash gifts received	(2,752,601)	(2,313,378)
Non-cash gifts made	2,002,036	1,884,078
Impairment loss - non-cash gifts received	-	160,000
Depreciation	96,497	20,776
Decrease in allowance	150,910	(76,629)
(Increase)/decrease in:		
Pledge and other receivables	(160,862)	(421,925)
Inventory	-	(3,960)
Prepaid expenses and deposits	64,882	(49,013)
Increase/(decrease) in:		
Designations payable	1,861	(32,426)
Funds held as fiscal agent	393,395	196,000
Accrued expenses and operating accounts payable	72,187	(203,816)
Total adjustments	(131,695)	(840,293)
Net Cash Provided by Operating Activities	508,595	23,756
Cash Flows from Investing Activities		
Leasehold improvements and equipment purchased	-	(81,427)
Cash acquired from acquisition	-	271,360
Maturity of short-term investments	500,000	500,000
Purchase of short-term investments	(600,000)	(500,000)
Net Cash Provided (Used) by Investing Activities	(100,000)	189,933
Net Increase in Cash and Cash Equivalents	408,595	213,689
Cash and Cash Equivalents - Beginning of Year	1,359,702	1,146,013
Cash and Cash Equivalents - End of Year	\$ 1,768,297	\$ 1,359,702
Non cash disclosure:		
Fair value of equipment acquired in merger	\$ -	\$ 10,642
Cash and Cash Equivalents Reconciliation to Statement of Financial Position:		
Cash and cash equivalents	\$ 1,178,902	\$ 1,163,702
Cash held as fiscal agent	589,395	196,000
	\$ 1,768,297	\$ 1,359,702

See accompanying notes to the financial statements.

INLAND EMPIRE UNITED WAY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

NATURE AND MISSION OF ORGANIZATION

The Inland Empire United Way (the "Organization" or "IEUW") 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. Effective July 1, 2015, the Organization acquired the Desert Communities United Way (DCUW) whose operations were merged into the Organization to become part of IEUW. The Organization maintains local offices in both Rancho Cucamonga and Apple Valley.

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. Following the acquisition of DCUW, the Organization also services the Pomona Valley, Victorville, Apple Valley, Hesperia, Adelanto and surrounding areas.

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. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, 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.

INLAND EMPIRE UNITED WAY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

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 the allowance for doubtful accounts, depreciation, valuation of donated services and materials, and allocations of functional expenses.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents, including cash held as fiscal agent, 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.

CONCENTRATION OF CREDIT RISK

The Organization maintains cash in multiple 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. The Organization has not experienced any losses due to this type of exposure and management does not consider this concentration to be a significant credit risk.

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. Substantially all of the pledges receivable at June 30, 2017, 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

INLAND EMPIRE UNITED WAY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

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.

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.

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

INLAND EMPIRE UNITED WAY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

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, 2017, 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.

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 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.

INLAND EMPIRE UNITED WAY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

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, 2016, from which the summarized information was derived.

RECLASSIFICATION

Certain items presented as prior year comparative information have been reclassified to conform to the current year presentation. Cash held as fiscal agent has been reclassified from cash and cash equivalents and funds held as fiscal agent has been reclassified from operating accounts payable in the statement of financial position and in the statement of cash flows.

NOTE 2: CASH AND CASH EQUIVALENTS and CASH HELD AS FISCAL AGENT

Cash and cash equivalents consist of the following at June 30:

	<u>2017</u>	<u>2016</u>
Petty cash	\$ 1,100	\$ 1,100
Cash in interest bearing		
checking and savings accounts	1,438,673	1,130,397
Cash in money market accounts	328,524	228,205
Less amounts held in fiscal agent relationship	(589,395)	(196,000)
Total cash and cash equivalents	<u>\$ 1,178,902</u>	<u>\$ 1,163,702</u>

The entity acts as a fiscal agent for a grant. Cash held as fiscal agent of \$589,395 and \$196,000 for the fiscal years ended June 30, 2017 and 2016, respectively, is presented with a corresponding liability in the statement of financial position.

NOTE 3: INVESTMENTS

Investments at June 30, 2017 and 2016, consist of certificates of deposit of \$600,000 and \$500,000, respectively, 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 donated artwork during fiscal year ended 2015. The artwork was initially recorded at the appraised 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 original appraised

INLAND EMPIRE UNITED WAY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 4: WORKS OF ART – HELD FOR SALE

value if sold within the three subsequent years after receipt. At the end of the time restriction, the Organization may sell the artwork at current market value. Management anticipates that sale at the original appraisal value is not likely.

During fiscal year 2016, the artwork was evaluated for impairment and the fair value of the artwork was written down to \$20,000. The Organization believes the impairment loss is other than temporary and the impairment loss was reflected in operating expenses during that year.

NOTE 5: PLEDGES RECEIVABLE

Pledges receivable consist of the following at June 30:

	2017	2016
Current year's campaign	\$ 1,509,398	\$ 1,791,036
Prior year's campaigns	750,016	307,516
	2,259,414	2,098,552
Less allowance for uncollectible	(295,031)	(144,121)
	\$ 1,964,383	\$ 1,954,431

As of June 30, 2017, pledges receivable from one major corporate donor, that also collects individual employee pledges and remits them to the Organization, comprised approximately 17% of the total gross receivables for both the current and prior campaign years.

As of June 30, 2016, pledges receivable from three major corporate donors, that 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 6: EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment and leasehold improvements include the following at June 30:

	2017	2016
Leasehold improvements	\$ 373,425	\$ 373,425
Vehicles	106,439	106,439
Computer equipment	168,473	168,473
Furniture and equipment	289,683	289,683
Computer software	334,322	334,322
	1,272,342	1,272,342
Less: accumulated depreciation	(1,116,086)	(1,019,589)
Net equipment and leasehold improvements	\$ 156,256	\$ 252,753

INLAND EMPIRE UNITED WAY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 7: NET ASSETS

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

	2017	2016
Unrestricted:		
Designated for campaign reserve	\$ 322,551	\$ 322,551
Unappropriated	4,486,089	3,962,564
Total Unrestricted	4,808,640	4,285,115
Temporarily Restricted:		
Pledges and designations receivable, net of allowance for uncollectible	1,964,383	1,954,431
Blue Cut fire fund	106,813	
Works of art - held for sale	20,000	20,000
Total Temporarily Restricted	2,091,196	1,974,431
Total net assets	\$ 6,899,836	\$ 6,259,546

NOTE 8: OPERATING LEASES

The Organization leases office space under two separate operating lease agreements that extend beyond twelve months with lease terms expiring through 2019. In addition to the base rent, the Organization is required to pay utilities, insurance, and maintenance. Rental expense for the year ended June 30, 2017 and 2016, was \$239,248 and \$183,443, respectively. Future minimum rental payments required under the above operating leases is as follows:

Year Ending June 30,	Amount
2018	\$ 244,138
2019	210,790
Total	\$ 454,928

There is no future rental revenue to be received in connection with the leased property.

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 \$130,523 and \$126,240 at June 30, 2017 and 2016, respectively. This liability is included with the amount reported as accrued expenses.

INLAND EMPIRE UNITED WAY

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

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 \$12,924 and \$8,503 for the year ended June 30, 2017 and 2016, respectively. Participants are 100% vested in all contributions.

NOTE 11: DESERT COMMUNITIES UNITED WAY

Effective July 1, 2015, the Organization acquired the Desert Communities United Way and merged its activities into IEUW. Management expects the merging of operations will result in cost savings which will further the mission and goals of the Organization and expand its service area to include the Pomona Valley, Victorville, Apple Valley, Hesperia, Adelanto and surrounding areas. The Organization maintains a local office in Apple Valley.

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	\$ 271,360
Fixed assets, net of accumulated depreciation	<u>10,642</u>
Fair value of total assets acquired	<u>282,002</u>
Liabilities assumed:	
Total liabilities assumed	<u>-</u>
Recognized amounts of identifiable assets acquired net of liabilities assumed	<u>\$ 282,002</u>

NOTE 12: SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 2, 2017 which is the date these financial statements were available to be issued.