

**UNITED WAY OF THE  
INLAND VALLEYS**

**Financial Statements  
with  
Independent Auditor's Report**

**For the Years Ended  
June 30, 2011 and 2010**

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**Perry M. Henderson**  
**CPA, MPA**

**Independent Auditor's Report**

January 26, 2012

To the Board of Directors  
United Way of the Inland Valleys

I have audited the accompanying statement of financial position of the United Way of the Inland Valleys as of June 30, 2011 and 2010, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the United Way of the Inland Valleys' management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of the Inland Valleys as of June 30, 2011 and 2010 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.



Perry M. Henderson, CPA

Master: Public Administration; Member: American Institute of CPA's, Center for Public Company Audit Firms, Governmental Audit Quality Center, California Society of CPA's, AICPA Key Legislative Contact Program, California Association of Nonprofits. Present and Past service includes: Member, AICPA Governmental Audit Quality Center Executive Committee; Member, CSCPA Peer Review Committee; CSCPA Professional Conduct Committee; Adjunct Faculty Member, University of Redlands;  
Author: CPA's Guide to Quality Control and Peer Reviews, CCH's Top Auditing Issues 2006 - 2008

**UNITED WAY OF THE INLAND VALLEYS**

**Statements of Financial Position**

**June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 532,695	\$ 575,680
Investments	202,600	303,892
Pledges receivable, less allowance for uncollectible pledges of \$250,264 and \$315,185	1,143,122	1,268,669
Other receivables	36,127	22,206
Prepaid expenses	8,497	19,020
	<hr/>	<hr/>
Total current assets	1,923,041	2,189,467
	<hr/>	<hr/>
<b>Property and equipment</b>		
Land	75,720	75,720
Building and improvements	448,059	446,240
Furniture and equipment	246,922	244,922
	<hr/>	<hr/>
	770,701	766,882
Less: accumulated depreciation	479,771	458,200
	<hr/>	<hr/>
Net property and equipment	290,930	308,682
	<hr/>	<hr/>
<b>Other assets</b>		
Assets set aside for Stabilization Reserve		
Cash and cash equivalents	227,339	387,706
Investments	458,141	168,394
	<hr/>	<hr/>
	685,480	556,100
	<hr/>	<hr/>
Total assets	<u>\$ 2,899,451</u>	<u>\$ 3,054,249</u>

	<u>2011</u>	<u>2010</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Local community programs payable	\$ 1,096,643	\$ 1,096,643
Designations payable	384,191	332,965
Accounts payable	14,178	29,328
Accrued expenses	46,469	59,792
Accrued dues	31,909	28,676
	<hr/>	<hr/>
Total current liabilities	1,573,390	1,547,404
	<hr/>	<hr/>
<b>Net assets</b>		
Unrestricted net assets		
Net invested in property and equipment	290,930	308,682
Designated by Board for forecasted loss in 2011-2012	130,709	-
Designated by Board for Building Fund	24,042	26,640
Designated by Board for Stabilization Reserve	685,480	556,100
Undesignated	117,731	519,978
	<hr/>	<hr/>
Total unrestricted net assets	1,248,892	1,411,400
Temporarily restricted net assets	65,169	83,445
Permanently restricted net assets	12,000	12,000
	<hr/>	<hr/>
Total net assets	1,326,061	1,506,845
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 2,899,451</u>	<u>\$ 3,054,249</u>

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

**UNITED WAY OF THE INLAND VALLEYS**  
**Statements of Activities**  
**For the Years Ended June 30, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
<b>Annual campaign</b>	<u>\$ 3,147,310</u>	<u>\$ 3,454,602</u>
Less:		
Donor-designated contributions for member agencies	(171,306)	(141,458)
Donor-designated contributions for non-member agencies	(831,740)	(822,396)
	<u>(1,003,046)</u>	<u>(963,854)</u>
Provision for uncollectible pledges	(215,301)	(251,573)
Temporarily restricted contributions	(29,724)	(3,944)
	<u>(245,025)</u>	<u>(255,517)</u>
Net campaign results	<u>1,899,239</u>	<u>2,235,231</u>
<b>Other revenues and gains</b>		
Investment return	8,501	13,175
Administrative fees	98,507	129,290
Bequests	60,000	70,000
Response programs	36,063	101,431
Other	46,427	21,171
	<u>249,498</u>	<u>335,067</u>
Total other revenues and gains	<u>249,498</u>	<u>335,067</u>
Total campaign, other revenues, and gains	<u>2,148,737</u>	<u>2,570,298</u>
Net assets released from restrictions	<u>29,416</u>	<u>48,836</u>
<b>Program expenses</b>		
Local community programs and designations	2,456,552	2,371,559
Less: designations	(1,003,046)	(963,854)
Local community programs	1,453,506	1,407,705
Public information	24,540	79,819
Response programs	61,683	68,264
Federal programs	31,961	40,961
County programs	45,743	62,460
State programs	5,936	7,969
Total program expenses	<u>1,623,369</u>	<u>1,667,178</u>
<b>Management and general expenses</b>	247,492	219,311
<b>Annual campaign expenses</b>	488,384	528,959
Total management, general and campaign expenses	<u>735,876</u>	<u>748,270</u>
Total expenses	<u>2,359,245</u>	<u>2,415,448</u>
Increase (decrease) in unrestricted net assets	<u>(181,092)</u>	<u>203,686</u>

	<u>2011</u>	<u>2010</u>
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>		
Contributions	29,724	3,944
Net assets released from restrictions	<u>(29,416)</u>	<u>(48,836)</u>
Increase (decrease) in temporarily restricted net assets	<u>308</u>	<u>(44,892)</u>
Increase (decrease) in net assets	(180,784)	158,794
<b>Net assets</b>		
Balance, beginning of year	<u>1,506,845</u>	<u>1,348,051</u>
Balance, end of year	<u><u>\$ 1,326,061</u></u>	<u><u>\$ 1,506,845</u></u>

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

**UNITED WAY OF THE INLAND VALLEYS**

**Statements of Functional Expenses**

**For the Years Ended June 30, 2011 and 2010**

	Local Programs		
	Community Programs	Public Information	Response Programs
<b>2011</b>			
Local community programs and designations	\$ 2,100,968	-	\$ 35,620
Less: designations (Note 9)	(1,003,046)	-	-
Local community programs	1,097,922	-	35,620
Salaries	190,198	\$ 10,668	16,380
Payroll taxes and benefits	80,375	1,359	1,155
Printing and mailing	1,037	1,374	-
Facilities and occupancy	8,288	321	1,000
Equipment rent and repairs	17,778	5,497	1,425
Office expenses	6,108	1,983	91
Awards and special events	15,948	58	-
Telephone	5,449	300	300
Transportation and campaign	6,456	1,843	5,712
Professional fees and consulting services	225	10	-
Conference, training and other	5,582	52	-
Dues, subscriptions, and publications	204	-	-
Depreciation	7,541	339	-
United Way Worldwide dues	10,395	736	-
	\$ 1,453,506	\$ 24,540	\$ 61,683
Total expenses			
<b>2010</b>			
Local community programs and designations	\$ 2,079,469	-	\$ 39,803
Less: designations (Note 9)	(963,854)	-	-
Local community programs	1,115,615	-	39,803
Salaries	172,376	\$ 54,117	21,718
Payroll taxes and benefits	47,532	13,006	1,935
Printing and mailing	909	1,068	238
Facilities and occupancy	10,731	1,013	-
Equipment rent and repairs	10,268	863	-
Office expenses	4,867	1,212	1,071
Awards and special events	15,064	343	96
Telephone	3,561	1,392	-
Transportation and campaign	4,560	2,931	902
Professional fees and consulting services	442	145	46
Program supplies	-	-	2,065
Conference, training and other	2,784	981	390
Dues, subscriptions, and publications	9,536	2,296	-
Depreciation	9,460	452	-
	\$ 1,407,705	\$ 79,819	\$ 68,264
Total expenses			

Public Sector Programs			Supporting Services		Totals
Federal	County	State	Management and General	Annual Campaign	
-	-	-	-	-	\$ 2,136,588
-	-	-	-	-	(1,003,046)
-	-	-	-	-	1,133,542
\$ 15,783	\$ 14,473	\$ 2,071	\$ 143,371	\$ 223,935	616,879
4,816	5,734	814	48,281	84,457	226,991
207	4,239	153	655	6,787	14,452
383	364	419	3,503	19,230	33,508
787	937	1,011	7,247	27,129	61,811
462	679	198	1,399	10,986	21,906
89	16,422	-	298	21,520	54,335
441	370	92	2,724	7,392	17,068
54	654	545	2,155	47,179	64,598
7,215	11	13	21,820	530	29,824
32	415	22	5,008	14,707	25,818
2	2	-	172	2,121	2,501
391	371	442	3,054	9,434	21,572
1,299	1,072	156	7,805	12,977	34,440
<u>\$ 31,961</u>	<u>\$ 45,743</u>	<u>\$ 5,936</u>	<u>\$ 247,492</u>	<u>\$ 488,384</u>	<u>\$ 2,359,245</u>
-	-	-	-	-	\$ 2,119,272
-	-	-	-	-	(963,854)
-	-	-	-	-	1,155,418
\$ 16,817	\$ 27,177	\$ 4,650	\$ 138,975	\$ 279,031	714,861
6,118	10,106	1,561	34,230	100,939	215,427
3,134	4,694	107	608	16,569	27,327
291	389	143	1,577	23,192	37,336
1,563	2,809	270	2,001	12,934	30,708
1,279	1,375	252	2,356	8,297	20,709
4,343	11,581	1	375	18,698	50,501
1,160	2,077	163	1,959	10,437	20,749
775	168	539	2,676	25,473	38,024
3,723	145	12	20,777	806	26,096
-	-	-	-	-	2,065
4	469	2	8,215	6,406	19,251
1,484	1,109	136	4,465	14,181	33,207
270	361	133	1,097	11,996	23,769
<u>\$ 40,961</u>	<u>\$ 62,460</u>	<u>\$ 7,969</u>	<u>\$ 219,311</u>	<u>\$ 528,959</u>	<u>\$ 2,415,448</u>

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

**UNITED WAY OF THE INLAND VALLEYS**

**Statements of Cash Flows**

**For the Years Ended June 30, 2011 and 2010**

	2011	2010
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (180,784)	\$ 158,794
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities		
Depreciation expense	21,572	23,769
Unrealized (gain) loss on investments	61	(438)
(Increase) decrease in:		
Pledges receivable - net of allowance	125,547	65,605
Notes receivable	-	16,000
Other receivables	(13,921)	4,641
Prepaid expenses	10,523	(3,631)
Increase (decrease) in:		
Local community programs and designations payable	51,226	(153,895)
Accounts payable	(15,150)	(34,664)
Accrued expenses	(13,323)	(532)
Accrued dues	3,233	(3,846)
Net cash (used) provided by operating activities	(11,016)	71,803
<b>Cash flows from investing activities</b>		
Purchase of investments	(289,479)	(50,667)
Proceeds from sale of investments	100,962	107,603
Equipment purchases	(2,000)	(15,295)
Improvements	(1,819)	-
Net cash (used) provided by investing activities	(192,336)	41,641
Net (decrease) increase in cash and cash equivalents	(203,352)	113,444
<b>Cash and cash equivalents</b>		
Balance, beginning of year	963,386	849,942
Balance, end of year	\$ 760,034	\$ 963,386

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

**UNITED WAY OF THE INLAND VALLEYS**  
**Notes to Financial Statements**

**1. Organization and Summary of Significant Accounting Policies**

United Way of the Inland Valleys (UWIV) is a not-for-profit organization incorporated in Riverside, California in 1931. UWIV's mission is "Building Community Resources to Improve Life in Riverside County." This is accomplished by raising funds through a community-wide campaign, distributing funds to local nonprofit organizations, and administering local community initiatives. UWIV's activities are carried out through approximately 2,500 volunteers each year, including company campaign coordinators and donors who have been invited to help make the funding decisions. During the two fiscal years presented, undesignated donations and donations designated to the UWIV's Community Care Fund, both termed allocable dollars, were distributed to local programs that were provided through local health and human care agencies, which serve the greater portion of Western Riverside County.

UWIV is one of 1,244 independent United Ways across the country. UWIV is a member of a national "Trade Association" called United Way Worldwide (UWW). UWW offers services such as bulk purchasing advantages, marketing resources, research and development, and staff training to the local organizations. Dues paid to UWW were \$34,440 and \$28,340 for the years ended June 30, 2011 and 2010, respectively.

The management of UWIV acknowledges that, to the best of their ability, all assets received have been used for the purpose for which they were contributed, or have been accumulated to allow management to conduct the operations of UWIV as effectively and efficiently as possible, and that it is honoring contributions designated specifically for each organization by distributing a proportionate share of receipts based on donor designations to each.

A description of the significant accounting policies employed in the preparation of these financial statements follows:

**Financial Statement Presentation**

The UWIV's financial statement presentation follows the recommendations of the Financial Accounting Standards Board under which the UWIV is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

*Unrestricted net assets* include resources that are not temporarily or permanently restricted by the donor and are available for operations of and distribution by UWIV without limitation. Unrestricted net assets also include resources restricted by donor-imposed criteria for which the restrictions are met within the same time period as the funds were received.

*Temporarily restricted net assets* include those resources whose use is restricted by donor-imposed criteria that either expires with the passage of time or by actions of UWIV.

*Permanently restricted net assets* include resources whose use is permanently restricted by donor-imposed criteria; however, the income derived from the restricted assets is generally expendable to support operations.

**UNITED WAY OF THE INLAND VALLEYS**  
**Notes to Financial Statements**

**1. Organization and Summary of Significant Accounting Policies (Continued)**

**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, bank deposits, money market funds subject to withdrawal, and highly liquid debt instruments which mature within three months of the date acquired.

**Investments**

UWIV carries its investments with readily determinable fair values, as determined by quoted market prices for identical securities in active markets, at their fair values as determined on a recurring basis, in the statement of financial position. Unrealized gains and losses and amortization of premium or discount are included in the change in net assets in the accompanying statement of activities.

**Pledges Receivable**

Pledges for contributions are recognized when the donor makes a promise to give to UWIV that is, in substance, unconditional. These pledges are measured at their fair values at the date the donor makes the promise to give. In the absence of a market for these pledges, their face amount represents the best information available about their fair value. The allowance method is used to determine the provision for uncollectible pledges. The allowance is based on prior years' experience and management's analysis of specific promises made. The provision for uncollectible pledges includes a loss allowance on the annual campaign of eight percent (8%) and ten percent (10%) for the years ended June 30, 2011 and 2010, net of the carryover of the results of prior year uncollectible pledges in excess of, or less than, the allowance. Pledges receivable from the Combined Federal Campaign include only that portion which is receivable to UWIV net of allowance for uncollectible pledges.

**Fair value measurements**

Generally accepted accounting principles (GAAP) provide guidance on how fair value should be determined when financial statement elements are measured at fair value. The United Way of the Inland Valleys is required to measure two types of assets and the related revenues at fair value: pledged contributions and certain investment securities.

Valuation techniques are ranked in levels depending on the degree of objectivity of the inputs used. For the United Way of the Inland Valleys, the applicable valuation techniques are: quoted prices in active markets for identical assets, and estimates using the best information available for assets for which there is little or no market.

**Property and Equipment**

UWIV follows the practice of capitalizing all significant expenditures for property and equipment acquired of \$500 or more. Assets acquired are recorded at cost or the fair value at date of donation, if donated. All depreciable assets are depreciated over their estimated useful lives using the straight-line method. The estimated useful lives range from three to forty years.

**UNITED WAY OF THE INLAND VALLEYS**  
**Notes to Financial Statements**

**1. Organization and Summary of Significant Accounting Policies (Continued)**

**Contribution of Services**

Generally, UWIV pays for most services requiring specific expertise needed to carry out its mission; however, professional services, meeting the criteria for recognition under U.S. generally accepted accounting principles, are reflected as contributions in the accompanying statements at their estimated fair values at date of receipt or when the services are rendered. There were no donated services meeting the recognition criteria for the years ended June 30, 2011 and June 30, 2010. In addition, a substantial number of volunteers donated significant amounts of their time in the UWIV assistance programs, campaign solicitations, administrative support and various committee assignments, which are not reflected in these financial statements.

**Local Community Programs**

Local community programs are recognized as an expense based on the amount determined by the Board of Directors to be distributed to the United Way partner agencies from the current campaign.

**Donor Designations**

Donors are provided the option to designate contributions to certain exempt organizations as defined by Internal Revenue Code Section 501(c)(3). These designations are required to be presented as a reduction of total annual campaign revenues. The UWIV Board of Directors modified the designations policy beginning with the 2007-2008 United Way campaign to require at least fifty percent (50%) of a donor's pledge to be designated to the UWIV's Community Care Fund for those designating to non-member and non-partner agencies. The modification was intended to keep a greater percentage of donor contributions for local member agencies.

**Functional Expenses**

Direct expenses are charged to the functional area to which they relate. Shared expenses are allocated based on salary, campaign activity or management's estimate of space use or time spent on the various functional areas.

**Income Taxes**

UWIV is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and Section 23701(d) of the California Revenue and Taxation Code. UWIV has been classified as an organization that is not a private foundation. Since UWIV is exempt from federal and state income tax liability, no provision is made for current or deferred income taxes. UWIV uses the same accounting methods for tax and financial reporting.

Management believes that all of the positions taken by UWIV in its federal and state exempt organization information returns are more likely than not to be sustained upon examination. UWIV's exempt organization information returns for years ended June 30, 2009 through 2011 are subject to examination by the Internal Revenue Service, and for the years ended June 30, 2008 through 2011 by the California Franchise Tax Board.

**UNITED WAY OF THE INLAND VALLEYS**  
**Notes to Financial Statements**

**1. Organization and Summary of Significant Accounting Policies (Continued)**

**Accounting Estimates**

The preparation of these financial statements requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**Date of Management's Review**

Management has evaluated the effects of subsequent events through January 26, 2012, the date on which the financial statements became available to be issued.

**2. Cash, Cash Equivalents and Investments**

The balances consisted of the following:

	June 30,	
	2011	2010
<u>Cash and cash equivalents</u>		
Petty cash	\$ 500	\$ 500
Bank checking accounts	192,365	187,155
Bank saving accounts	507,919	709,175
Brokerage money market accounts	59,250	66,556
Total cash and cash equivalents	760,034	963,386
<u>Investments</u>		
Time certificates of deposit accounts	649,410	458,956
U.S. obligations	11,331	13,329
Total investments	660,741	472,285
Total cash, cash equivalents and investments	\$ 1,420,775	\$1,435,671

Cash, cash equivalents and investments are presented on the statement of financial position as follows:

	June 30,	
	2011	2010
<u>Cash and cash equivalents under</u>		
Current assets	\$ 532,695	\$ 575,680
Other assets	227,339	387,706
Total cash and cash equivalents	\$ 760,034	\$963,386

**UNITED WAY OF THE INLAND VALLEYS**  
**Notes to Financial Statements**

**2. Cash, Cash Equivalents and Investments** (continued)

<u>Investments under</u>		
Current assets	\$ 202,600	\$ 303,892
Other assets	<u>458,141</u>	<u>168,394</u>
Total investments	<u>\$ 660,741</u>	<u>\$ 472,286</u>

Investments in U. S. obligations consist of government mortgage backed securities (GNMA Pool), at June 30, 2011 and 2010, respectively. Investment return is summarized as follows:

	<u>June 30,</u>	
	<u>2011</u>	<u>2010</u>
Interest income on cash & investments	\$ 8,562	\$ 12,737
Net, realized and unrealized gains and (losses)	<u>(61)</u>	<u>438</u>
Total investment return	<u>\$ 8,501</u>	<u>\$ 13,175</u>

**3. Financial Instruments**

Financial instruments that potentially subject UWIV to concentrations of credit risk consist principally of cash and investments and pledges receivable. UWIV places its cash and investments with financial institutions and limits the amount of credit exposure to any one financial institution as practicable. Concentrations of credit risk with respect to pledges receivable are limited due to the large number of contributors comprising the UWIV contributor base. As of June 30, 2011, UWIV maintained cash balances and investments at several institutions located in Riverside County, which were insured either by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each institution or by the National Credit Union Administration (NCUA) and American Share Insurance up to \$250,000 at each institution. As of June 30, 2011, the reported amount of UWIV's deposits with these institutions was \$1,095,529 and the bank balance amounted to \$1,118,606 of which \$927,263 was insured.

In addition, UWIV had cash and investments in the amount of \$69,263 at financial institutions insured with the Securities Investor Protection Corporation (SIPC), which provides protection for customer accounts by returning securities registered in the name of the investor and distributing all remaining claims of each customer up to a maximum of \$500,000, including up to \$100,000 on claims for cash. UWIV investments in government obligations issued or guaranteed by the U.S. Government and its agencies and instrumentalities have historically involved little risk of loss of principal if held to maturity. However, no assurance is given that the U.S. Government would provide financial support to any organization or instrumentalities if it is not obligated to do so by law.

**UNITED WAY OF THE INLAND VALLEYS**  
**Notes to Financial Statements**

**4. Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes:

	June 30,	
	2011	2010
Education initiatives	\$ 26,053	
Financial stability initiatives	2,144	
Health initiatives	1,394	
Campaign Celebration	133	\$ 3,928
Literacy Network	5,522	5,522
Blueprint for Volunteer Diversity	14,981	14,981
Needs Assessment	456	18,907
Wildfires Recovery Fund	322	322
Abbott Fund Science Education Grant	13,760	39,380
MoneyWork\$ Program	404	404
	\$ 65,169	\$ 83,444

**5. Board-Designated Net Assets**

The Board of Directors has designated net assets for the following reasons:

*Building Fund* - During the year ended June 30, 2003 the Board of Directors approved designating funds for future maintenance of the building. In its June 2009 and November 2009 board meetings the Board approved the transfer of \$2,846 and \$1,875, respectively, from the Building Fund to reimburse the General Fund for expenses incurred in February 2009 for roofing repairs and February 2010 for repairs to flooring. The amounts designated in the fund were \$26,640 and \$28,515 at June 30, 2010 and 2009, respectively.

*Response Fund* –The Response Fund is a Board-designated fund established as a mechanism for distributing additional funds to address preferential problems. The fund has three distinct purposes: (1) Priority Venture Grants which provide additional funds to agencies whose programs address preferential problems through new and expanded programs; (2) Seed Grants which are intended to stimulate the development of or to strengthen services to under-served populations or geographic regions; and (3) Community Initiatives/Emergency Loans and Grants which are awarded usually on a one-time basis to certified partner agencies where financial assistance is needed to continue critical services to the community. As well, the fund is used to record activity for grants received.

*Stabilization Reserve Fund* – This fund was established to provide long-term financial stability for UWIV by providing reserves for agency allocations and operating expenses in the event of slowdown in the collection of pledges and to provide for other contingencies. The balance is reviewed annually and adjusted as necessary in accordance with funding policies as adopted by the UWIV Board of Directors. The Board approved the transfer of \$129,380 from available unrestricted net assets in the General Fund to the Stabilization Reserve Fund in its June 2011 Board meeting. The Stabilization Reserve Fund balance was \$685,480 and \$556,100 at June 30, 2011 and June 30, 2010, respectively.

**UNITED WAY OF THE INLAND VALLEYS**  
**Notes to Financial Statements**

**6. Pension Plan**

UWIV participates in a defined contribution retirement plan covering all eligible employees age of 21 and older with one or more years of service. Employees are fully vested in the plan after 6 years of service. The plan requires the employer to contribute an amount equivalent to fifteen percent (15%) of an employee's salary. The total expense for the years ended June 30, 2011 and 2010, was \$83,886 and \$81,429, respectively. UWIV also has a tax-deferred annuity plan under section 403(b) of the Internal Revenue Code. Employees can voluntarily contribute to this plan. There are no employer contributions. Mutual of America is the custodian of the Plans.

**7. Lease Commitments**

UWIV leases office space and equipment under noncancelable operating leases. Rental expense for all operating leases for the years ended June 30, 2011 and 2010, was \$11,385 and \$11,351, respectively. At June 30, 2011, UWIV was liable under the terms of noncancelable leases for the following minimum lease commitments:

For year ending June 30,	
2012	\$11,799
2013	1,799
2014	1,799
2015	1,799
2016	<u>351</u>
	<u>\$17,547</u>

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**8. Revenue by Functional Category**

Following is a summary of revenues by functional category, to correspond with the functional categories listed on the statements of functional expenses:

<b>Year Ended June 30, 2011</b>	<b><u>Annual Campaign</u></b>	<b><u>Estimated Pledge Loss</u></b>	<b><u>Donor Designations</u></b>	<b><u>Other Revenue</u></b>	<b><u>Total Revenue</u></b>
<b>Annual Campaign</b>	\$2,364,547	(\$190,973)	(\$443,614)	\$112,953	\$1,842,913
<b>Public Sector Programs:</b>					
Federal	24,688	-	(24,688)	20,558	20,558
County	678,482	(17,636)	(484,818)	65,482	241,510
State	<u>79,593</u>	<u>(6,692)</u>	<u>(49,926)</u>	<u>3,852</u>	<u>26,827</u>
<b>Total Campaign</b>	3,147,310	(215,301)	(1,003,046)	202,845	2,131,808
<b>Response Programs</b>				36,063	36,063
<b>Management &amp; General Temporarily Restricted Contributions</b>				10,590	10,590
					<u>(29,724)</u>
<b>TOTAL</b>	<u>\$3,147,310</u>	<u>(\$215,301)</u>	<u>(\$1,003,046)</u>	<u>\$249,498</u>	<u>\$2,148,737</u>
<b>Year Ended June 30, 2010</b>	<b><u>Annual Campaign</u></b>	<b><u>Estimated Pledge Loss</u></b>	<b><u>Donor Designations</u></b>	<b><u>Other Revenue</u></b>	<b><u>Total Revenue</u></b>
<b>Annual Campaign</b>	\$2,422,460	(\$164,139)	(\$248,348)	\$95,918	\$2,105,891
<b>Public Sector Programs:</b>					
Federal	276,069	(27,607)	(245,768)	56,221	58,915
County	678,061	(47,239)	(430,897)	64,542	264,467
State	<u>78,012</u>	<u>(12,588)</u>	<u>(38,841)</u>	<u>2,461</u>	<u>29,044</u>
<b>Total Campaign</b>	3,454,602	(251,573)	(963,854)	219,142	2,458,317
<b>Response Programs</b>				101,431	101,431
<b>Management &amp; General Temporarily Restricted Contributions</b>				14,494	14,494
					<u>(3,944)</u>
<b>TOTAL</b>	<u>\$3,454,602</u>	<u>(\$251,573)</u>	<u>(\$963,854)</u>	<u>\$335,067</u>	<u>\$2,570,298</u>

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**9. Functional Expense Relationships**

Presentation conventions for the financial statements are governed by accounting principles generally accepted in the United States of America. Those conventions differ from the laws and regulations which govern the preparation of the organization's Return of Organization Exempt from Income Tax (IRS Form 990). Consequently, some transactions may be reported under different headings or in different groupings on the two documents. One of the most significant of these differences, which the management of UWIV regards as important to the understanding of its activities, is that payouts of contributions designated by the donors for member or non-member agencies (as opposed to un-designated contributions, the disposition of which is left to the discretion of UWIV) are deducted from the gross annual campaign results in the statement of activities, for financial statement purposes. Those same transactions are presented as program expenses in the IRS Form 990. This causes the total program expenses on the statements of activities and statements of functional expenses to be \$1,003,046 and \$963,841 less than the corresponding totals on the IRS Forms 990 for the 2011 and 2010 year ends. The following table provides a reconciliation of program expenses on the statements of activities to total program expenses on IRS Forms 990 and the corresponding percentages for the years ended June 30, 2011 and 2010:

	<u>2011</u>	<u>Percent to total expenses</u>	<u>2010</u>	<u>Percent to total expenses</u>
Total program expenses from statement of activities	\$ 1,623,369		\$ 1,667,178	
Donor designated contributions for:				
Member agencies	171,306		141,458	
Non-member agencies	<u>831,740</u>		<u>822,396</u>	
Total program expenses from IRS Form 990	2,626,415	78%	3,631,032	78%
Total management, general & fundraising expenses	<u>735,876</u>	<u>22%</u>	<u>748,270</u>	<u>22%</u>
Total Expenses	<u>\$ 3,362,291</u>	<u>100%</u>	<u>\$ 3,379,302</u>	<u>100%</u>