

**UNITED WAY OF THE
INLAND VALLEYS**

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

**For the Years Ended
June 30, 2010 and 2009**

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Perry M. Henderson
CPA, MPA

Independent Auditor's Report

February 9, 2011

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, 2010 and 2009, 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, 2010 and 2009 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. I also audited the adjustment described in Note 9 that was applied to restate the June 30, 2008 financial statements. In my opinion, that adjustment is appropriate and has been properly applied.



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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 575,680	\$ 467,755
Investments	303,892	354,871
Pledges receivable, less allowance for uncollectible pledges of \$315,185 and \$363,737	1,268,669	1,334,274
Notes receivable	-	16,000
Other receivables	22,206	26,847
Prepaid expenses	19,020	15,389
	<hr/>	<hr/>
Total current assets	2,189,467	2,215,136
	<hr/>	<hr/>
Property and equipment		
Land	75,720	75,720
Building and improvements	446,240	441,643
Furniture and equipment	244,922	259,823
	<hr/>	<hr/>
	766,882	777,186
Less: accumulated depreciation	458,200	460,030
	<hr/>	<hr/>
Net property and equipment	308,682	317,156
	<hr/>	<hr/>
Other assets		
Assets set aside for Stabilization Reserve		
Cash and cash equivalents	387,706	382,187
Investments	168,394	173,913
	<hr/>	<hr/>
	556,100	556,100
	<hr/>	<hr/>
Total assets	\$ 3,054,249	\$ 3,088,392
	<hr/> <hr/>	<hr/> <hr/>

	<u>2010</u>	<u>2009</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Allocations payable	\$ 1,096,643	\$ 1,096,643
Designations payable	332,965	486,860
Accounts payable	29,328	63,992
Accrued expenses	59,792	60,324
Accrued dues	<u>28,676</u>	<u>32,522</u>
Total current liabilities	<u>1,547,404</u>	<u>1,740,341</u>
Net assets		
Unrestricted net assets		
Net invested in property and equipment	308,682	317,156
Designated by Board for Building Fund	26,640	28,515
Designated by Board for Response Fund	-	30,039
Designated by Board for Stabilization Reserve	556,100	556,100
Undesignated	<u>519,978</u>	<u>275,904</u>
Total unrestricted net assets	1,411,400	1,207,714
Temporarily restricted net assets	83,445	128,337
Permanently restricted net assets	<u>12,000</u>	<u>12,000</u>
Total net assets	<u>1,506,845</u>	<u>1,348,051</u>
Total liabilities and net assets	<u><u>\$ 3,054,249</u></u>	<u><u>\$ 3,088,392</u></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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
CHANGES IN UNRESTRICTED NET ASSETS		
Annual campaign	\$ 3,454,602	\$ 4,181,354
Less:		
Donor-designated contributions for member agencies	(141,458)	(172,452)
Donor-designated contributions for non-member agencies	(822,396)	(1,098,195)
Provision for uncollectible pledges	(251,573)	(351,869)
Temporarily restricted contributions	(3,944)	(103,650)
	2,235,231	2,455,188
Other revenues and gains		
Investment return	13,175	30,447
Administrative fees	129,290	142,333
Bequests	70,000	
Response programs	101,431	
Other	21,171	17,305
	335,067	190,085
<i>Total other revenues and gains</i>	335,067	190,085
Total campaign, other revenues, and gains	2,570,298	2,645,273
Net assets released from restrictions	48,836	68,684
Allocations and expenses		
Local community programs	1,407,705	1,419,013
Public information	79,819	98,983
Response programs	68,264	84,670
Federal programs	40,961	50,496
County programs	62,460	76,736
State programs	7,969	9,747
Total program expenses	1,667,178	1,739,645
Management and general	219,311	200,764
Annual campaign	528,959	675,515
	2,415,448	2,615,924
Total allocations and expenses	2,415,448	2,615,924
Increase in unrestricted net assets	203,686	98,033

	<u>2010</u>	<u>2009</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	3,944	103,650
Net assets released from restrictions	<u>(48,836)</u>	<u>(68,684)</u>
Increase (decrease) in temporarily restricted net assets	<u>(44,892)</u>	<u>34,966</u>
Increase in net assets	158,794	132,999
Net assets		
Balance, beginning of year	1,348,051	1,131,254
Prior period adjustment (see note 9)	<u>-</u>	<u>83,798</u>
Balance, beginning of year as restated	<u>1,348,051</u>	<u>1,215,052</u>
Balance, end of year	<u><u>\$ 1,506,845</u></u>	<u><u>\$ 1,348,051</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, 2010 and 2009

		Local Programs		
		Community Programs	Public Information	Response Programs
2010				
Resource allocations		\$ 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	-
Total allocations and expenses		\$ 1,407,705	\$ 79,819	\$ 68,264
2009				
Resource allocations		\$ 1,115,488	-	\$ 12,171
Salaries		181,972	\$ 63,169	-
Payroll taxes and benefits		51,232	14,654	-
Printing and mailing		2,255	9,454	16
Facilities and occupancy		10,102	483	-
Equipment rent and repairs		10,075	958	-
Office expenses		5,327	1,417	-
Awards and special events		2,029	342	-
Telephone		4,251	1,611	-
Transportation and campaign		4,309	3,196	-
Professional fees and consulting services		347	510	72,483
Conference, training and other		5,565	669	-
Dues, subscriptions, and publications		749	919	-
Depreciation		13,291	636	-
United Way of America dues		12,021	965	-
Total allocations and expenses		\$ 1,419,013	\$ 98,983	\$ 84,670

<u>Public Sector Programs</u>			<u>Supporting Services</u>		<u>Totals</u>
<u>Federal</u>	<u>County</u>	<u>State</u>	<u>Management and General</u>	<u>Annual Campaign</u>	
-	-	-	-	-	\$ 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>
-	-	-	-	-	\$ 1,127,659
\$ 22,353	\$ 36,559	\$ 5,681	\$ 124,063	\$ 290,423	724,220
7,182	11,745	1,821	35,327	95,701	217,662
3,753	3,275	198	1,028	22,710	42,689
288	385	142	1,171	19,261	31,832
1,969	3,388	274	4,940	12,660	34,264
1,457	1,371	216	2,260	11,228	23,276
6,886	14,220	-	354	60,950	84,781
1,406	2,364	174	2,383	12,841	25,030
200	637	561	3,991	109,683	122,577
365	12	4	16,187	770	90,678
2,149	273	4	5,164	6,815	20,639
6	11	-	613	3,200	5,498
379	507	186	1,541	16,855	33,395
2,103	1,989	486	1,742	12,418	31,724
<u>\$ 50,496</u>	<u>\$ 76,736</u>	<u>\$ 9,747</u>	<u>\$ 200,764</u>	<u>\$ 675,515</u>	<u>\$ 2,615,924</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, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Change in net assets	\$ 158,794	\$ 132,999
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation expense	23,769	33,395
Unrealized (gain) on investments	(438)	(391)
(Increase) decrease in:		
Pledges receivable - net of allowance	65,605	65,312
Notes receivable	16,000	(16,000)
Other receivables	4,641	(19,565)
Prepaid expenses	(3,631)	2,200
Increase (decrease) in:		
Allocations and designations payable	(153,895)	(493,167)
Accounts payable	(34,664)	(3,615)
Accrued expenses	(532)	14,464
Accrued dues	(3,846)	(22,338)
Net cash (used) provided by operating activities	<u>71,803</u>	<u>(306,706)</u>
Cash flows from investing activities		
Purchase of investments	(50,667)	(482,561)
Proceeds from sale of investments	107,603	491,640
Equipment and improvement purchases	(15,295)	(2,725)
Net cash provided by investing activities	<u>41,641</u>	<u>6,354</u>
Net (decrease) increase in cash and cash equivalents	<u>113,444</u>	<u>(300,352)</u>
Cash and cash equivalents		
Balance, beginning of year	<u>849,942</u>	<u>1,150,294</u>
Balance, end of year	<u>\$ 963,386</u>	<u>\$ 849,942</u>

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 1,272 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 \$28,340 and \$31,724 for the years ended June 30, 2010 and 2009, 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 expire 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 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. 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 ten percent (10%) for the years ended June 30, 2010 and 2009, 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.

Property and Equipment

UWIV follows the practice of capitalizing all significant expenditures for property and equipment acquired in excess of \$500. 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.

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, 2010 and June 30, 2009. 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.

Resource Allocations

Allocations 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.

UNITED WAY OF THE INLAND VALLEYS
Notes to Financial Statements

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

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, 2008 through 2010 are subject to examination by the Internal Revenue Service, and for the years ended June 30, 2007 through 2010 by the California Franchise Tax Board.

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 February 9, 2011, the date on which the financial statements became available to be issued.

UNITED WAY OF THE INLAND VALLEYS
Notes to Financial Statements

2. Cash, Cash Equivalents and Investments

The balances consisted of the following:

	<u>June 30,</u>	
	<u>2010</u>	<u>2009</u>
<u>Cash and cash equivalents</u>		
Petty cash	\$ 500	\$ 500
Bank checking accounts	187,155	148,440
Bank saving accounts	709,175	653,588
Brokerage money market accounts	<u>66,556</u>	<u>47,414</u>
Total cash and cash equivalents	<u>963,386</u>	<u>849,942</u>
<u>Investments</u>		
Time certificates of deposit accounts	458,956	512,361
U.S. obligations	<u>13,329</u>	<u>16,423</u>
Total investments	<u>472,285</u>	<u>528,784</u>
Total cash, cash equivalents and investments	<u>\$ 1,435,671</u>	<u>\$ 1,378,726</u>

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

	<u>June 30,</u>	
	<u>2010</u>	<u>2009</u>
<u>Cash and cash equivalents under</u>		
Current assets	\$ 575,680	\$ 467,755
Other assets	<u>387,706</u>	<u>382,187</u>
Total cash and cash equivalents	<u>\$ 963,386</u>	<u>\$ 849,942</u>
<u>Investments under</u>		
Current assets	\$ 303,892	\$ 354,871
Other assets	<u>168,394</u>	<u>173,913</u>
Total investments	<u>\$ 472,286</u>	<u>\$ 528,784</u>

Investments in U. S. obligations consist of government mortgage backed securities (GNMA Pool), at June 30, 2010 and 2009, respectively. Investment return is summarized as follows:

	<u>June 30,</u>	
	<u>2010</u>	<u>2009</u>
Interest income on cash & investments	\$ 12,737	\$ 30,056
Net, realized and unrealized gains and (losses)	<u>438</u>	<u>391</u>
Total investment return	<u>\$ 13,175</u>	<u>\$ 30,447</u>

UNITED WAY OF THE INLAND VALLEYS
Notes to Financial Statements

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, 2010, 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, 2010, the reported amount of UWIV's deposits with these institutions was \$1,355,286 and the bank balance amounted to \$1,385,625 of which \$1,246,309 was insured.

In addition, UWIV had cash and investments in the amount of \$66,556 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.

4. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>June 30,</u>	
	<u>2010</u>	<u>2009</u>
Bank of America Student Leader Host		\$ 4,072
WIN Campaign		14,866
Covering California's Children		4,183
Campaign Celebration	\$ 3,928	-
Literacy Network	5,522	5,522
Blueprint for Volunteer Diversity	14,981	14,981
Needs Assessment	18,907	18,907
Wildfires Recovery Fund	322	306
Abbott Fund Science Education Grant	39,380	65,000
MoneyWork\$ Program	404	500
	<u>\$ 83,444</u>	<u>\$ 128,337</u>

UNITED WAY OF THE INLAND VALLEYS
Notes to Financial Statements

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. Designations by the Board for these programs are as follows:

	June 30,	
	2010	2009
Priority Venture Grants	\$ -	\$ 9,068
Community Initiative/Emergency Loans and Grants	-	19,721
Seed Grants	-	1,250
	\$ -	\$30,039

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. As a result of the losses suffered in previous years, the Board approved the transfer of \$120,000 from the Stabilization Reserve Fund in its May 2008 Board meeting to the General Fund in May 2009. The Stabilization Reserve Fund balance was \$556,100 at June 30, 2010 and 2009.

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, 2010 and 2009, was \$81,429 and \$ 74,757, 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.

UNITED WAY OF THE INLAND VALLEYS
Notes to Financial Statements

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, 2010 and 2009, was \$ 11,351 and \$9,075, respectively. At June 30, 2010, UWIV was liable under the terms of noncancelable leases for the following minimum lease commitments:

For year ending June 30,	
2011	\$8,603
2012	1,799
2013	1,799
2014	1,799
2015	1,799
Thereafter	<u>351</u>
	<u>\$16,150</u>

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:

Year Ended June 30, 2010	Annual Campaign	Estimated Pledge Loss	Donor Designations	Other Revenue	Total Revenue
Annual Campaign	\$2,422,460	(\$164,139)	(\$248,348)	\$95,918	\$2,105,891
Public Sector Programs:					
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>
Total Campaign	3,454,602	(251,573)	(963,854)	219,142	2,458,317
Response Programs				101,431	101,431
Management & General				14,494	14,494
Temporarily Restricted Contributions					<u>(3,944)</u>
TOTAL	<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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8. Revenue by Functional Category (Continued)

Year Ended June 30, 2009	Annual Campaign	Estimated Pledge Loss	Donor Designations	Other Revenue	Total Revenue
Annual Campaign	\$2,893,654	(\$231,468)	(\$421,470)	\$28,942	\$2,269,658
Public Sector Programs:					
Federal	319,460	(31,946)	(285,235)	44,007	46,286
County	797,074	(90,383)	(526,190)	82,469	262,970
State	<u>74,360</u>	<u>1,928</u>	<u>(37,752)</u>	<u>2,165</u>	<u>40,701</u>
Total Campaign	4,084,548	(351,869)	(1,270,647)	157,583	2,619,615
Response Programs	96,806				96,806
Management & General				32,502	32,502
Temporarily Restricted Contributions					<u>(103,650)</u>
TOTAL	<u>\$4,181,354</u>	<u>(\$351,869)</u>	<u>(\$1,270,647)</u>	<u>\$190,085</u>	<u>\$2,645,273</u>

9. Prior Period Adjustment and Comparative Presentation

In the 2008-2009 fiscal year an overstatement to designations expense from the 2007-2008 fiscal year of \$102,159, and an overstatement of \$18,361 to administrative fees revenue was discovered. This resulted in an increase to the change in net assets for the year ended June 30, 2008 and the beginning net assets at July 1, 2008 of \$83,798, which is shown as a prior period adjustment in the statement of activities for the year ended June 30, 2009.

10. 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 Federal Form 990. This causes the total program expenses on the statements of activities and statements of functional expenses to be \$963,841 and \$ 1,270,647

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10. Functional Expense Relationships (Continued)

less than the corresponding totals on the IRS Forms 990 for the 2010 and 2009 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, 2010 and 2009:

	2010	% to total expenses	2009	% to total expenses
Total program expenses from statement of activities	\$ 1,667,178		\$ 1,739,645	
Donor designated contributions for:				
Member agencies	141,458		172,452	
Non-member agencies	822,396		1,098,195	
Total program expenses from Federal form 990	2,631,032	78%	3,010,292	77%
Total management, general & fundraising expenses	748,270		876,279	
Total Expenses	\$ 3,379,302	100%	\$ 3,886,571	100%