

**UNITED WAY OF MONTEREY COUNTY  
(A Nonprofit Corporation)**

**FINANCIAL STATEMENTS**

**JUNE 30, 2012 AND 2011**

**UNITED WAY OF MONTEREY COUNTY  
(A Nonprofit Corporation)**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
United Way of Monterey County

We have audited the accompanying statements of financial position of United Way of Monterey County (United Way), a nonprofit corporation, as of June 30, 2012 and 2011 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of United Way's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of United Way as of June 30, 2012 and 2011 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Bianchi, Kasavan & Pope, LLP*

Salinas, California  
October 11, 2012

## **FINANCIAL STATEMENTS**

**UNITED WAY OF MONTEREY COUNTY  
(A Nonprofit Corporation)**

**STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2012**

| <b>ASSETS</b>   |                     |                                   |                                   |                     |
|---|---------------------|-----------------------------------|-----------------------------------|---------------------|
|   | <b>Unrestricted</b> | <b>Temporarily<br/>Restricted</b> | <b>Permanently<br/>Restricted</b> | <b>Total</b>        |
| <b>CURRENT ASSETS</b>   |                     |                                   |                                   |                     |
| Cash and cash equivalents   | \$ 1,076,774        | \$ 32,796                         | \$ -                              | \$ 1,109,570        |
| Pledges receivable, net of allowance for<br>doubtful accounts of \$371,000 - Note 2 | 1,069,938           | 2,378                             | -                                 | 1,072,316           |
| Other receivables - Note 3  | 10,689              | -                                 | -                                 | 10,689              |
| Prepaid expenses  | 30,366              | -                                 | -                                 | 30,366              |
| <b>TOTAL CURRENT ASSETS</b>   | <b>2,187,767</b>    | <b>35,174</b>                     | <b>-</b>                          | <b>2,222,941</b>    |
| <b>INVESTMENTS HELD AT THE<br/>COMMUNITY FOUNDATION - Note 4</b>                    | 191,062             | -                                 | 33,175                            | 224,237             |
| <b>PROPERTY AND EQUIPMENT - net - Note 5</b>  | 36,300              | -                                 | -                                 | 36,300              |
| <b>OTHER ASSETS</b>   | 4,709               | -                                 | -                                 | 4,709               |
| <b>ENDOWMENT ASSET - Note 8</b>   | -                   | -                                 | 166,558                           | 166,558             |
|   | <b>\$ 2,419,838</b> | <b>\$ 35,174</b>                  | <b>\$ 199,733</b>                 | <b>\$ 2,654,745</b> |

| <b>LIABILITIES AND NET ASSETS</b>   |                     |                  |                   |                     |
|-------------------------------------|---------------------|------------------|-------------------|---------------------|
| <b>CURRENT LIABILITIES</b>          |                     |                  |                   |                     |
| Accounts payable                    | \$ 46,515           | \$ -             | \$ -              | \$ 46,515           |
| Accrued expenses                    | 69,143              | -                | -                 | 69,143              |
| Designated pledges payable - Note 6 | 515,255             | -                | -                 | 515,255             |
| <b>TOTAL CURRENT LIABILITIES</b>    | <b>630,913</b>      | <b>-</b>         | <b>-</b>          | <b>630,913</b>      |
| <b>NET ASSETS</b>                   |                     |                  |                   |                     |
| Unrestricted and undesignated       | 1,788,925           | -                | -                 | 1,788,925           |
| Temporarily restricted - Note 7     | -                   | 35,174           | -                 | 35,174              |
| Permanently restricted - Note 8     | -                   | -                | 199,733           | 199,733             |
| <b>TOTAL NET ASSETS</b>             | <b>1,788,925</b>    | <b>35,174</b>    | <b>199,733</b>    | <b>2,023,832</b>    |
|                                     | <b>\$ 2,419,838</b> | <b>\$ 35,174</b> | <b>\$ 199,733</b> | <b>\$ 2,654,745</b> |

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

**UNITED WAY OF MONTEREY COUNTY  
(A Nonprofit Corporation)**

**STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2011**

| <b>ASSETS</b>   |                     |                                   |                                   |                     |
|---|---------------------|-----------------------------------|-----------------------------------|---------------------|
|   | <b>Unrestricted</b> | <b>Temporarily<br/>Restricted</b> | <b>Permanently<br/>Restricted</b> | <b>Total</b>        |
| <b>CURRENT ASSETS</b>   |                     |                                   |                                   |                     |
| Cash and cash equivalents   | \$ 1,254,562        | \$ 79,086                         | \$ -                              | \$ 1,333,648        |
| Pledges receivable, net of allowance for<br>doubtful accounts of \$385,000 - Note 2 | 1,216,079           | (4,497)                           | -                                 | 1,211,582           |
| Other receivables - Note 3  | 95,654              | 30,000                            | -                                 | 125,654             |
| Prepaid expenses  | 25,227              | -                                 | -                                 | 25,227              |
| <b>TOTAL CURRENT ASSETS</b>   | <b>2,591,522</b>    | <b>104,589</b>                    | <b>-</b>                          | <b>2,696,111</b>    |
| <b>INVESTMENTS HELD AT THE<br/>COMMUNITY FOUNDATION - Note 4</b>                    | 49,448              | -                                 | 33,175                            | 82,623              |
| <b>PROPERTY AND EQUIPMENT - net - Note 5</b>  | 53,408              | -                                 | -                                 | 53,408              |
| <b>OTHER ASSETS</b>   | 4,709               | -                                 | -                                 | 4,709               |
| <b>ENDOWMENT ASSET - Note 8</b>   | -                   | -                                 | 166,558                           | 166,558             |
|   | <b>\$ 2,699,087</b> | <b>\$ 104,589</b>                 | <b>\$ 199,733</b>                 | <b>\$ 3,003,409</b> |
| <b>LIABILITIES AND NET ASSETS</b>   |                     |                                   |                                   |                     |
| <b>CURRENT LIABILITIES</b>  |                     |                                   |                                   |                     |
| Accounts payable  | \$ 80,622           | \$ -                              | \$ -                              | \$ 80,622           |
| Accrued expenses  | 47,765              | -                                 | -                                 | 47,765              |
| Designated pledges payable - Note 6   | 473,130             | -                                 | -                                 | 473,130             |
| <b>TOTAL CURRENT LIABILITIES</b>  | <b>601,517</b>      | <b>-</b>                          | <b>-</b>                          | <b>601,517</b>      |
| <b>NET ASSETS</b>   |                     |                                   |                                   |                     |
| Unrestricted and undesignated   | 2,097,570           | -                                 | -                                 | 2,097,570           |
| Temporarily restricted - Note 7   | -                   | 104,589                           | -                                 | 104,589             |
| Permanently restricted - Note 8   | -                   | -                                 | 199,733                           | 199,733             |
| <b>TOTAL NET ASSETS</b>   | <b>2,097,570</b>    | <b>104,589</b>                    | <b>199,733</b>                    | <b>2,401,892</b>    |
|   | <b>\$ 2,699,087</b> | <b>\$ 104,589</b>                 | <b>\$ 199,733</b>                 | <b>\$ 3,003,409</b> |

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

**UNITED WAY OF MONTEREY COUNTY  
(A Nonprofit Corporation)**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2012**

|   | Unrestricted        | Temporarily<br>Restricted | Permanently<br>Restricted | Total               |
|---|---------------------|---------------------------|---------------------------|---------------------|
| <b>PUBLIC SUPPORT AND REVENUE</b>   |                     |                           |                           |                     |
| <b>Campaign Support:</b>  |                     |                           |                           |                     |
| Pledges, current campaign year  | \$ 2,919,020        | \$ -                      | \$ -                      | \$ 2,919,020        |
| Donor designations to other organizations                                 | (989,274)           | -                         | -                         | (989,274)           |
| <b>Net Current Pledges</b>  | <b>1,929,746</b>    | <b>-</b>                  | <b>-</b>                  | <b>1,929,746</b>    |
| Pledges, prior campaign year  | 6,337               | -                         | -                         | 6,337               |
| Pledges, next campaign year   | -                   | 23,271                    | -                         | 23,271              |
| Provision for uncollectible pledges                                       | (135,395)           | -                         | -                         | (135,395)           |
| <b>Net Campaign Support</b>   | <b>1,800,688</b>    | <b>23,271</b>             | <b>-</b>                  | <b>1,823,959</b>    |
| Grants  | 289,825             | -                         | -                         | 289,825             |
| Other support   | 977,034             | -                         | -                         | 977,034             |
| Interest and dividends  | 6,555               | 6                         | -                         | 6,561               |
| Loss on investments   | (6,021)             | -                         | -                         | (6,021)             |
| Administrative fees   | 190,898             | -                         | -                         | 190,898             |
| Miscellaneous income  | 2,667               | -                         | -                         | 2,667               |
| Net assets released from restrictions - Note 7                            | 92,692              | (92,692)                  | -                         | -                   |
| <b>TOTAL PUBLIC SUPPORT AND REVENUE</b>                                   | <b>3,354,338</b>    | <b>(69,415)</b>           | <b>-</b>                  | <b>3,284,923</b>    |
| <b>EXPENSES</b>   |                     |                           |                           |                     |
| <b>Program Services:</b>  |                     |                           |                           |                     |
| Allocations and designations - Note 9                                     | 2,039,274           | -                         | -                         | 2,039,274           |
| Amounts designated by donors  | (989,274)           | -                         | -                         | (989,274)           |
| <b>Allocations and Grants</b>   | <b>1,050,000</b>    | <b>-</b>                  | <b>-</b>                  | <b>1,050,000</b>    |
| Community services  | 1,578,031           | -                         | -                         | 1,578,031           |
| <b>Total Program Services</b>   | <b>2,628,031</b>    | <b>-</b>                  | <b>-</b>                  | <b>2,628,031</b>    |
| <b>Support Services:</b>  |                     |                           |                           |                     |
| Management and general  | 335,553             | -                         | -                         | 335,553             |
| Fundraising   | 668,903             | -                         | -                         | 668,903             |
| <b>Total Support Services</b>   | <b>1,004,456</b>    | <b>-</b>                  | <b>-</b>                  | <b>1,004,456</b>    |
| <b>TOTAL PROGRAM AND SUPPORT SERVICES</b>                                 | <b>3,632,487</b>    | <b>-</b>                  | <b>-</b>                  | <b>3,632,487</b>    |
| Unallocated payments to affiliated organizations-<br>United Way Worldwide | 30,496              | -                         | -                         | 30,496              |
| <b>TOTAL EXPENSES</b>   | <b>3,662,983</b>    | <b>-</b>                  | <b>-</b>                  | <b>3,662,983</b>    |
| <b>CHANGES IN NET ASSETS</b>  | <b>(308,645)</b>    | <b>(69,415)</b>           | <b>-</b>                  | <b>(378,060)</b>    |
| <b>NET ASSETS, BEGINNING OF YEAR</b>                                      | <b>2,097,570</b>    | <b>104,589</b>            | <b>199,733</b>            | <b>2,401,892</b>    |
| <b>NET ASSETS, END OF YEAR</b>  | <b>\$ 1,788,925</b> | <b>\$ 35,174</b>          | <b>\$ 199,733</b>         | <b>\$ 2,023,832</b> |

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

**UNITED WAY OF MONTEREY COUNTY  
(A Nonprofit Corporation)**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2011**

|   | Unrestricted        | Temporarily<br>Restricted | Permanently<br>Restricted | Total               |
|---|---------------------|---------------------------|---------------------------|---------------------|
| <b>PUBLIC SUPPORT AND REVENUE</b>   |                     |                           |                           |                     |
| <b>Campaign Support:</b>  |                     |                           |                           |                     |
| Pledges, current campaign year  | \$ 3,316,059        | \$ -                      | \$ -                      | \$ 3,316,059        |
| Donor designations to other organizations                                 | (1,064,551)         | -                         | -                         | (1,064,551)         |
| <b>Net Current Pledges</b>  | <b>2,251,508</b>    | <b>-</b>                  | <b>-</b>                  | <b>2,251,508</b>    |
| Pledges, prior campaign year  | 396                 | -                         | -                         | 396                 |
| Pledges, next campaign year   | -                   | 12,692                    | -                         | 12,692              |
| Provision for uncollectible pledges                                       | (171,131)           | -                         | -                         | (171,131)           |
| <b>Net Campaign Support</b>   | <b>2,080,773</b>    | <b>12,692</b>             | <b>-</b>                  | <b>2,093,465</b>    |
| Grants  | 387,354             | 80,000                    | -                         | 467,354             |
| Other support   | 987,784             | -                         | -                         | 987,784             |
| Interest and dividends  | 9,931               | 15                        | -                         | 9,946               |
| Gain on investments   | 15,022              | -                         | -                         | 15,022              |
| Administrative fees   | 235,933             | -                         | -                         | 235,933             |
| Miscellaneous income  | 3,372               | -                         | -                         | 3,372               |
| Net assets released from restrictions - Note 7                            | 23,476              | (23,476)                  | -                         | -                   |
| <b>TOTAL PUBLIC SUPPORT AND REVENUE</b>                                   | <b>3,743,645</b>    | <b>69,231</b>             | <b>-</b>                  | <b>3,812,876</b>    |
| <b>EXPENSES</b>   |                     |                           |                           |                     |
| <b>Program Services:</b>  |                     |                           |                           |                     |
| Allocations and designations - Note 9                                     | 2,114,551           | -                         | -                         | 2,114,551           |
| Amounts designated by donors  | (1,064,551)         | -                         | -                         | (1,064,551)         |
| <b>Allocations and Grants</b>   | <b>1,050,000</b>    | <b>-</b>                  | <b>-</b>                  | <b>1,050,000</b>    |
| Funds distribution  | 3,517               | -                         | -                         | 3,517               |
| Community services  | 1,748,481           | -                         | -                         | 1,748,481           |
| <b>Total Program Services</b>   | <b>2,801,998</b>    | <b>-</b>                  | <b>-</b>                  | <b>2,801,998</b>    |
| <b>Support Services:</b>  |                     |                           |                           |                     |
| Management and general  | 318,082             | -                         | -                         | 318,082             |
| Fundraising   | 658,150             | -                         | -                         | 658,150             |
| <b>Total Support Services</b>   | <b>976,232</b>      | <b>-</b>                  | <b>-</b>                  | <b>976,232</b>      |
| <b>TOTAL PROGRAM AND SUPPORT SERVICES</b>                                 | <b>3,778,230</b>    | <b>-</b>                  | <b>-</b>                  | <b>3,778,230</b>    |
| Unallocated payments to affiliated organizations-<br>United Way Worldwide | 30,012              | -                         | -                         | 30,012              |
| <b>TOTAL EXPENSES</b>   | <b>3,808,242</b>    | <b>-</b>                  | <b>-</b>                  | <b>3,808,242</b>    |
| <b>CHANGES IN NET ASSETS</b>  | <b>(64,597)</b>     | <b>69,231</b>             | <b>-</b>                  | <b>4,634</b>        |
| <b>NET ASSETS, BEGINNING OF YEAR</b>                                      | <b>2,162,167</b>    | <b>35,358</b>             | <b>199,733</b>            | <b>2,397,258</b>    |
| <b>NET ASSETS, END OF YEAR</b>  | <b>\$ 2,097,570</b> | <b>\$ 104,589</b>         | <b>\$ 199,733</b>         | <b>\$ 2,401,892</b> |

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



UNITED WAY OF MONTEREY COUNTY  
(A Nonprofit Corporation)

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2012

|   | PROGRAM SERVICES       |                    |                     |                     | SUPPORT SERVICES       |                   |                     |                     | TOTAL EXPENSES |
|---|------------------------|--------------------|---------------------|---------------------|------------------------|-------------------|---------------------|---------------------|----------------|
|   | Allocations and Grants | Funds Distribution | Community Services  | Program Services    | Management and General | Fundraising       | Support Services    | TOTAL               |                |
| Allocations and designations - Note 8                 | \$ 2,039,274           | \$ -               | \$ -                | \$ 2,039,274        | \$ -                   | \$ -              | \$ -                | \$ 2,039,274        |                |
| Amounts designated by donors                          | (989,274)              | -                  | -                   | (989,274)           | -                      | -                 | -                   | (989,274)           |                |
| <b>NET ALLOCATIONS</b>                                | <b>1,050,000</b>       | <b>-</b>           | <b>-</b>            | <b>1,050,000</b>    | <b>-</b>               | <b>-</b>          | <b>-</b>            | <b>1,050,000</b>    |                |
| Advertising   | -                      | -                  | 701,928             | 701,928             | 1,380                  | 238,463           | 239,843             | 941,771             |                |
| Salaries and wages                                    | -                      | -                  | 422,342             | 422,342             | 205,426                | 225,177           | 430,603             | 852,945             |                |
| Payroll taxes and benefits                            | -                      | -                  | 130,646             | 130,646             | 63,519                 | 69,637            | 133,156             | 263,802             |                |
| Professional and other fees                           | -                      | -                  | 169,514             | 169,514             | 10,321                 | 22,891            | 33,212              | 202,726             |                |
| Occupancy expense                                     | -                      | -                  | 44,312              | 44,312              | 25,495                 | 22,424            | 47,919              | 92,231              |                |
| Office expenses                                       | -                      | -                  | 38,443              | 38,443              | 13,911                 | 14,929            | 28,840              | 67,283              |                |
| Conferences, travel and training                      | -                      | -                  | 19,923              | 19,923              | 3,835                  | 25,288            | 29,123              | 49,046              |                |
| Program and campaign materials, services and supplies | -                      | -                  | 23,859              | 23,859              | 2,012                  | 15,125            | 17,137              | 40,996              |                |
| Special events  | -                      | -                  | 3,763               | 3,763               | 693                    | 25,284            | 25,977              | 29,740              |                |
| Insurance   | -                      | -                  | 9,624               | 9,624               | 4,619                  | 5,004             | 9,623               | 19,247              |                |
| Depreciation  | -                      | -                  | 8,554               | 8,554               | 4,105                  | 4,448             | 8,553               | 17,107              |                |
| Special initiatives/miscellaneous expense             | -                      | -                  | 5,123               | 5,123               | 237                    | 233               | 470                 | 5,593               |                |
| <b>TOTAL ALLOCATIONS AND EXPENSES</b>                 | <b>\$ 1,050,000</b>    | <b>\$ -</b>        | <b>\$ 1,578,031</b> | <b>\$ 2,628,031</b> | <b>\$ 335,553</b>      | <b>\$ 668,903</b> | <b>\$ 1,004,456</b> | <b>\$ 3,632,487</b> |                |

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

**UNITED WAY OF MONTEREY COUNTY**  
(A Nonprofit Corporation)

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2011**

|   | PROGRAM SERVICES       |                    |                     |                        | SUPPORT SERVICES       |                   |                   |                   | TOTAL EXPENSES      |
|---|------------------------|--------------------|---------------------|------------------------|------------------------|-------------------|-------------------|-------------------|---------------------|
|   | Allocations and Grants | Funds Distribution | Community Services  | Total Program Services | Management and General | Fundraising       | Support Services  | Total             |                     |
| Allocations and designations - Note 8                 | \$ 2,114,551           | \$ -               | \$ -                | \$ 2,114,551           | \$ -                   | \$ -              | \$ -              | \$ -              | \$ 2,114,551        |
| Amounts designated by donors                          | (1,064,551)            | -                  | -                   | (1,064,551)            | -                      | -                 | -                 | -                 | (1,064,551)         |
| <b>NET ALLOCATIONS</b>                                | <b>1,050,000</b>       | <b>-</b>           | <b>-</b>            | <b>1,050,000</b>       | <b>-</b>               | <b>-</b>          | <b>-</b>          | <b>-</b>          | <b>1,050,000</b>    |
| Advertising   | -                      | -                  | 693,084             | 693,084                | 7,484                  | 240,451           | 247,935           | 247,935           | 941,019             |
| Salaries and wages                                    | -                      | -                  | 470,838             | 470,838                | 187,117                | 217,481           | 404,598           | 404,598           | 875,436             |
| Payroll taxes and benefits                            | -                      | -                  | 156,720             | 156,720                | 62,283                 | 72,390            | 134,673           | 134,673           | 291,393             |
| Professional and other fees                           | -                      | -                  | 260,009             | 260,009                | 9,680                  | 19,653            | 29,333            | 29,333            | 289,342             |
| Occupancy expense                                     | -                      | -                  | 48,749              | 48,749                 | 21,791                 | 18,992            | 40,783            | 40,783            | 89,532              |
| Office expenses                                       | -                      | 349                | 42,400              | 42,749                 | 12,882                 | 14,453            | 27,335            | 27,335            | 70,084              |
| Conferences, travel and training                      | -                      | 3,125              | 25,456              | 28,581                 | 5,047                  | 8,370             | 13,417            | 13,417            | 41,998              |
| Program and campaign materials, services and supplies | -                      | 364                | 20,749              | 21,113                 | 2,847                  | 15,996            | 18,843            | 18,843            | 39,956              |
| Special events  | -                      | (321)              | 5,043               | 4,722                  | 419                    | 40,374            | 40,793            | 40,793            | 45,515              |
| Insurance   | -                      | -                  | 10,279              | 10,279                 | 3,998                  | 4,759             | 8,757             | 8,757             | 19,036              |
| Depreciation  | -                      | -                  | 10,114              | 10,114                 | 3,932                  | 4,683             | 8,615             | 8,615             | 18,729              |
| Special initiatives/miscellaneous expense             | -                      | -                  | 5,040               | 5,040                  | 602                    | 548               | 1,150             | 1,150             | 6,190               |
| <b>TOTAL ALLOCATIONS AND EXPENSES</b>                 | <b>\$ 1,050,000</b>    | <b>\$ 3,517</b>    | <b>\$ 1,748,481</b> | <b>\$ 2,801,998</b>    | <b>\$ 318,082</b>      | <b>\$ 658,150</b> | <b>\$ 976,232</b> | <b>\$ 976,232</b> | <b>\$ 3,778,230</b> |

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

**UNITED WAY OF MONTEREY COUNTY  
(A Nonprofit Corporation)**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

|   | <b>2012</b>         | <b>2011</b>         |
|---|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                     |                     |
| Changes in net assets   | \$ (378,060)        | \$ 4,634            |
| <b>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities</b> |                     |                     |
| Depreciation  | 17,107              | 18,729              |
| Change in value of beneficial interest in community foundation  | 4,859               | (15,774)            |
| <b>Changes in assets and liabilities:</b>   |                     |                     |
| Pledges receivable - net  | 139,266             | 118,150             |
| Other receivables   | 114,965             | (30,772)            |
| Prepaid expenses  | (5,139)             | (1,673)             |
| Draw on beneficial interest in community foundation   | 3,528               | 3,855               |
| Accounts payable  | (34,107)            | 22,639              |
| Accrued expenses  | 21,378              | (13,473)            |
| Designated pledges payable  | 42,125              | (14,371)            |
| <b>Net cash provided by (used in) operating activities</b>  | <b>(74,078)</b>     | <b>91,944</b>       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                     |                     |
| Purchase of investments   | (150,000)           | -                   |
| <b>Net cash used in investing activities</b>  | <b>(150,000)</b>    | <b>-</b>            |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>   | <b>(224,078)</b>    | <b>91,944</b>       |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>   | <b>1,333,648</b>    | <b>1,241,704</b>    |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>   | <b>\$ 1,109,570</b> | <b>\$ 1,333,648</b> |

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

**UNITED WAY OF MONTEREY COUNTY  
(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012 AND 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

United Way of Monterey County (United Way) is an independent, locally managed nonprofit organization incorporated under the laws of the State of California. As a voluntary health and welfare organization, United Way develops and allocates resources, conducts an assessment of health and human care needs of Monterey County and allocates funds to agencies to meet those needs and facilitates the distribution of donor directed contributions. United Way also brings experts together to develop collaborative approaches in addressing human care issues.

United Way serves as the principal combined fundraising organization (PCFO) for the Monterey Bay Combined Federal Campaign. The Combined Federal Campaign (CFC) is a campaign in which federal employees within Monterey County can make donations to numerous non-profit organizations throughout the world (designations). For the years ended June 30, 2012 and 2011, \$595,847 and \$601,751, respectively, was raised for this campaign and is included in current campaign year pledges. As of June 30, 2012 and 2011, \$497,038 and \$518,615, respectively, of donor designated pledge receipts were proportionately distributed to each member agency.

**Basis of Accounting**

The financial statements of United Way have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

**Basis of Presentation**

United Way is required to report information regarding its financial position and activities according to classes of net assets in the following three categories:

- Unrestricted net assets have no donor-imposed restrictions. This category includes those revenues and expenses associated with the annual fundraising campaign and the corresponding programs and supporting services. Net assets that have been designated by the Board of Directors are included in unrestricted net assets.

UNITED WAY OF MONTEREY COUNTY  
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Basis of Presentation** (Continued)

- Temporarily restricted net assets are the portion of net assets for which use by United Way is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of United Way.
- Permanently restricted net assets are the portion of net assets for which use by United Way is limited by donor-imposed stipulations that neither expire by passage of time nor can otherwise be removed by action of United Way. Generally, the donors of such assets permit United Way to use all or part of the income earned on the assets.

**Use of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

The allowance for uncollectible pledges is a significant estimate. The determination of the balance in this account is an estimate based on United Way's historical experience, review of significant account balances and expectations relative to current economic conditions. Uncollected pledges in excess of the allowance are written off in the following fiscal year.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, United Way considers all cash accounts and all highly liquid investments to be cash equivalents. Highly liquid investments include Certificates of Deposit with maturities ranging from three to twelve months and penalties for early withdrawal. Penalties for early withdrawal would have no material effect on the financial statements.

**UNITED WAY OF MONTEREY COUNTY  
(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012 AND 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property and Equipment**

Property and equipment are stated at cost or fair value at date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

|                               | <u>Years</u> |
|-------------------------------|--------------|
| Software                      | 3            |
| Computer equipment            | 5            |
| Furniture and other equipment | 7            |

Maintenance and repairs that do not improve or extend the useful lives of respective assets are charged against income; major renewals and betterments of \$1,000 are capitalized and depreciated.

**Recognition of Pledges from Fundraising Campaign, Designations and Allocations**

Each year, from April 1 to March 31, United Way conducts fundraising campaigns in Monterey County for program support and for participating health and human care agencies. Public support, including unconditional promises to give, is recorded at the fair value of the pledge in the year it is received or pledged.

Contributions designated by the donor to nonprofit organizations other than United Way are included in current year campaign pledges. United Way serves as the primary fiscal agent with the solicitation and distribution of such pledges. Donor designations and the provision for uncollectible pledges are deducted from the total campaign results to arrive at net campaign support.

Allocations to participating agencies are approved by the Board of Directors each year for the succeeding twelve-month fiscal year provided that the agencies are compliant with the agency agreement.

UNITED WAY OF MONTEREY COUNTY  
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Expiration of Donor-Imposed Restrictions**

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

**Other Support**

United Way receives other public support outside the conduct of the annual fundraising campaigns. Certain ceremonial, celebratory and special recognition events at United Way are underwritten by sponsorship or the costs are offset by contributions for the specific event. Generally, the donating companies agree their contributions may also be used for other costs related to the operation of the United Way.

**Volunteer Services**

A substantial number of volunteers donate significant amounts of time to United Way's fundraising campaign, allocation functions and administrative oversight. Such services are not reflected in the financial statements, since they do not create or enhance non-financial assets or require specialized skills that would typically be purchased.

**Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the program and supporting services based on an analysis of personnel time.

**UNITED WAY OF MONTEREY COUNTY  
(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012 AND 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Tax-Exempt Status**

United Way has been granted tax-exempt status by the Internal Revenue Service and the California Franchise Tax Board under Code Sections 501(c)(3) and 23701(d), respectively. Certain types of income are considered unrelated business taxable income which is taxed at regular corporate income tax rates. United Way had no unrelated business taxable income during the years ended June 30, 2012 and 2011.

Management evaluated United Way's tax positions and concluded they took no uncertain tax positions requiring adjustment to the financial statements to comply with the provisions issued by the Financial Accounting Standards Board.

**Fair Value of Financial Instruments**

United Way's financial instruments, including cash and cash equivalents, accounts receivable and accounts payable are carried at cost, which approximates their fair value because of the short-term maturity of these instruments.

United Way applies fair value measurements of financial assets and liabilities that are recorded in accordance with generally accepted accounting principles. That framework establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that United Way has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.



UNITED WAY OF MONTEREY COUNTY  
(A Nonprofit Corporation)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments (Continued)

- Level 3 inputs are unobservable inputs for the asset or liability.

Fair value measurements on a nonrecurring basis at June 30, 2012 are as follows:

|                           | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|---------------------------|----------------|----------------|----------------|
| Cash and cash equivalents | \$ 1,109,570   |                |                |
| Beneficial interest in    |                |                |                |
| Community Foundation      |                | \$ 224,237     |                |
| In-kind media donations   |                | \$ 930,257     |                |
| Pledges receivable        |                |                | \$ 1,072,316   |

Fair value measurements on a nonrecurring basis at June 30, 2011 are as follows:

|                           | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|---------------------------|----------------|----------------|----------------|
| Cash and cash equivalents | \$ 1,333,648   |                |                |
| Beneficial interest in    |                |                |                |
| Community Foundation      |                | \$ 82,623      |                |
| In-kind media donations   |                | \$ 907,037     |                |
| Pledges receivable        |                |                | \$ 1,211,582   |

Advertising

Advertising costs are expensed as incurred.

Concentrations

Pledges receivable are unsecured and are due from various individuals and corporations primarily located in Monterey County, California. The top five employer contributions approximate 31% and 40% for the years ended June 30, 2012 and 2011, respectively, of total campaign support.

**UNITED WAY OF MONTEREY COUNTY  
(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012 AND 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Concentrations** (Continued)

United Way has deposits with financial institutions that at times reflect a total balance greater than the Federal Deposit Insurance Corporation's maximum insurable at each institution at June 30, 2012 and 2011. As of June 30, 2012 and 2011, United Way's uninsured cash balance totaled \$189,869 and \$137,043, respectively. United Way believes there is no significant risk with respect to these deposits.

**Reclassifications**

Certain accounts in the prior-year financial statements have been reclassified to conform with the presentation in the current-year financial statements.

**Subsequent Events**

Subsequent events were evaluated through October 11, 2012, the date the financial statements were available to be issued.

**2. PLEDGES RECEIVABLE**

Pledges receivable for the year ended consists of:

|   | <u>2012</u>                | <u>2011</u>                |
|---|----------------------------|----------------------------|
| Total pledges receivable, due within one year | \$ 1,443,316               | \$ 1,596,582               |
| Allowance for uncollectible accounts          | <u>(371,000)</u>           | <u>(385,000)</u>           |
| <b>Net pledges receivable</b>                 | <b><u>\$ 1,072,316</u></b> | <b><u>\$ 1,211,582</u></b> |

The provision for uncollectible pledges is made on campaign contributions (total amount raised) and is based primarily on recent historical experience as well as other factors anticipated by management to affect collections.

**UNITED WAY OF MONTEREY COUNTY  
(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012 AND 2011**

**2. PLEDGES RECEIVABLE (Continued)**

Pledges receivable arising from the campaign year ending March 31, of each of the respective years presented in this financial statement are recognized as support increasing temporarily restricted net assets. These pledges are generally expected to be collected within the next fiscal year. The restrictions placed on this support will expire in the next fiscal year. As of June 30, 2012, such pledges receivable amounted to \$3,378 less an allowance for doubtful accounts of \$1,000. As of June 30, 2011, such pledges receivable amounted to (\$3,497) less an allowance for doubtful accounts of \$1,000.

**3. OTHER RECEIVABLES**

Other receivables include County and other grants receivable. County grants receivable arise from grant contracts entered into with the County of Monterey. Grant income is billed to the County in relation to services performed by United Way.

As of June 30, 2012 and 2011, \$-0- and \$30,000, respectively, is restricted for 211 Monterey purposes.

Due to the collection history and United Way's experience with various grant receivables, no allowance for doubtful accounts was considered necessary for other receivables as management believes all amounts receivable are fully collectible.

**4. INVESTMENTS HELD AT THE COMMUNITY FOUNDATION**

The Community Foundation for Monterey County (CFMC) holds funds for United Way in the amount of \$224,237 and \$82,623 at June 30, 2012 and 2011, respectively. Of those funds, \$33,175 and \$33,175, respectively, is permanently restricted as endowment funds. The remaining balance represents reinvested earnings and investment appreciation.

**UNITED WAY OF MONTEREY COUNTY  
(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012 AND 2011**

**4. INVESTMENTS HELD AT THE COMMUNITY FOUNDATION (Continued)**

Funds are composed of the following as of June 30:

|                   | <u>2012</u>       | <u>2011</u>      |
|-------------------|-------------------|------------------|
| General Endowment | \$ 77,561         | \$ 82,623        |
| Stewardship Fund  | <u>146,676</u>    | <u>-</u>         |
|                   | <u>\$ 224,237</u> | <u>\$ 82,623</u> |

**General Endowment**

In 1987, United Way established a "Restricted and Organized Purpose Fund" (Agreement) at the Community Foundation for Monterey County (Foundation) with an initial contribution of \$33,175 from the unrestricted net assets of United Way. All contributions made to the fund are irrevocable. Under the terms of the Agreement, the Foundation may substitute another beneficiary in place of United Way at the discretion of the Foundation's Board of Directors. Earnings net of administrative fees are distrusted to United Way on an annual basis and in accordance with the Foundation's policy on the distribution of earnings.

**Stewardship Fund**

In 2012, the Organization established a Stewardship Fund with the CFMC, for the benefit of United Way. United Way granted variance power to the CFMC, thus the CFMC has full authority and discretion as to the investment and reinvestment of the assets.

In the event of the dissolution of United Way or in the event it shall no longer be an organization described in Section 170 (c) of the Internal Revenue Code of 1954, as amended, CFMC shall continue to hold the funds and shall distribute the income to organizations as in the opinion of CFMC most nearly serve the purposes and objectives of United Way. All monies held in the funds are subject to the power of CFMC to modify any restrictions or conditions on the distribution of monies for any specified charitable purposes or to specified organizations, if in their sole judgment such restriction becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the area served by the CFMC.

**UNITED WAY OF MONTEREY COUNTY  
(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012 AND 2011**

**4. INVESTMENTS HELD AT THE COMMUNITY FOUNDATION (Continued)**

The earnings payout of the funds is evaluated at least annually by CFMC, in light of total return from investments, fees, expenses, and the effects of inflation, the annual payout is typically between 5% and 7% of the fair market value of the fund at December 31 of the preceding calendar year.

**5. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of June 30:

|                                 | <b>2012</b>      | <b>2011</b>      |
|---------------------------------|------------------|------------------|
| Computer equipment              | \$ 32,626        | \$ 32,626        |
| Furniture and general equipment | 85,085           | 85,085           |
| Software                        | 15,904           | 15,904           |
|                                 | 133,615          | 133,615          |
| Less accumulated depreciation   | (97,315)         | (80,207)         |
|                                 | <b>\$ 36,300</b> | <b>\$ 53,408</b> |

**6. DESIGNATED PLEDGES PAYABLE**

Designated pledges payable consisted of the following as of June 30:

|                                       | <b>2012</b>       | <b>2011</b>       |
|---------------------------------------|-------------------|-------------------|
| From the Combined Federal Campaign:   |                   |                   |
| Gross designations payable            | \$ 485,358        | \$ 446,850        |
| Allowance for unpayable designations  | (40,000)          | (54,000)          |
| Net designations payable              | 445,358           | 392,850           |
| From other designated gifts received: |                   |                   |
| Gross designations payable            | 69,897            | 80,280            |
| Allowance for unpayable designations  | -                 | -                 |
| Net designations payable              | 69,897            | 80,280            |
|                                       | <b>\$ 515,255</b> | <b>\$ 473,130</b> |

**UNITED WAY OF MONTEREY COUNTY  
(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012 AND 2011**

**7. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are restricted for the following purposes as of June 30:

|                                | <b>2012</b>      | <b>2011</b>       |
|--------------------------------|------------------|-------------------|
| 211 Monterey County            | \$ -             | \$ 80,000         |
| Pledges for next campaign year | 23,271           | 12,692            |
| Disaster fund                  | 11,903           | 11,897            |
|                                | <b>\$ 35,174</b> | <b>\$ 104,589</b> |

Net assets were released from donor restrictions by incurring expenses to satisfy the restricted purposes or by occurrences of other events specified by donors.

Temporarily restricted net assets were released as of June 30:

|                                | <b>2012</b>      | <b>2011</b>      |
|--------------------------------|------------------|------------------|
| Pledges for next campaign year | \$ 12,692        | \$ 23,476        |
| Grants                         | 80,000           | -                |
|                                | <b>\$ 92,692</b> | <b>\$ 23,476</b> |

**8. PERMANENTLY RESTRICTED NET ASSETS – ENDOWMENT**

Permanently restricted net assets are composed of various donor restricted contributions to United Way's endowment fund. Under the terms of these contributions, the original donation must be kept in perpetuity and, depending on the donors' wishes, the earnings are available for unrestricted uses. The total of these permanently restricted contributions was \$199,733 and \$199,733 at June 30, 2012 and 2011, respectively.

United Way's endowment consists of two individual funds, one established to support general operations and the second to support and provide community resources. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**UNITED WAY OF MONTEREY COUNTY  
(A Nonprofit Corporation)**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012 AND 2011**

**8. PERMANENTLY RESTRICTED NET ASSETS – ENDOWMENT (Continued)**

In 1987, United Way established a “Restricted and Organized Purpose Fund” (Agreement) at the Community Foundation for Monterey County (Foundation) with an initial contribution of \$33,175 from the unrestricted net assets of United Way. All contributions made to the fund are irrevocable. Under the terms of the Agreement, the Foundation may substitute another beneficiary in place of United Way at the discretion of the Foundation’s Board of Directors. Earnings net of administrative fees are distributed to United Way on an annual basis and in accordance with the Foundation’s policy on the distribution of earnings.

Additionally, in 1990, the General Endowment Fund was established at Morgan Stanley Dean Witter with an initial contribution of \$166,558. Since that time, these endowment funds have been transferred to other financial institutions.

**Interpretation of Relevant Law**

The Board of Directors of United Way has interpreted the California Prudent Management of Institutional Funds Act (CPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, United Way classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by CPMIFA. In accordance with CPMIFA, United Way considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments

**UNITED WAY OF MONTEREY COUNTY  
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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012 AND 2011**

**8. PERMANENTLY RESTRICTED NET ASSETS – ENDOWMENT (Continued)**

**Interpretation of Relevant Law** (Continued)

- (6) Other resources of the organization
- (7) The investment policies of United Way

**Spending Policy**

Each year, the entire earnings of each fund shall be distributed according to written criteria and no earnings are provided to increase principal. The Board of Directors periodically reviews this policy for changes. The total amount appropriated from the Funds for fiscal year ending June 30, 2012 and 2011 was \$-0- and \$-0-, respectively.

The composition of endowment net assets for this fund and the changes in endowment net assets as of June 30, 2012 are as follows:

|   | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>      |
|---|---------------------|-----------------------------------|-----------------------------------|-------------------|
| Endowment net assets,<br>June 30, 2010                    | \$ 37,529           | \$ -                              | \$ 199,733                        | \$ 237,262        |
| Contributions   | -                   | -                                 | -                                 | -                 |
| Investment gains/losses –<br>net                          | 15,033              | -                                 | -                                 | 15,033            |
| Investment income   | 3,168               | -                                 | -                                 | 3,168             |
| Expenditures  | (2,426)             | -                                 | -                                 | (2,426)           |
| Draw on beneficial<br>interest at Community<br>Foundation | (3,856)             | -                                 | -                                 | (3,856)           |
| Endowment net assets,<br>June 30, 2011                    | \$ 49,448           | \$ -                              | \$ 199,733                        | \$ 249,181        |
| Contributions   | -                   | -                                 | -                                 | -                 |
| Investment gains/losses –<br>net                          | (2,478)             | -                                 | -                                 | (2,478)           |
| Investment income   | 2,923               | -                                 | -                                 | 2,923             |
| Expenditures  | (1,978)             | -                                 | -                                 | (1,978)           |
| Draw on beneficial<br>interest at Community<br>Foundation | (3,528)             | -                                 | -                                 | (3,528)           |
| Endowment net assets,<br>June 30, 2012                    | <u>\$ 44,387</u>    | <u>\$ -</u>                       | <u>\$ 199,733</u>                 | <u>\$ 244,120</u> |



**UNITED WAY OF MONTEREY COUNTY  
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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012 AND 2011**

**9. ALLOCATIONS AND DESIGNATIONS**

United Way's various fundraising campaigns and activities resulted in the following distributions to United Way member agencies and other benefiting organizations:

|  | <b>2012</b>         | <b>2011</b>         |
|--|---------------------|---------------------|
| Allocations determined by the<br>Board of Directors to member agencies | \$ 1,050,000        | \$ 1,050,000        |
| Designations directed by donor   | 989,274             | 1,064,551           |
| Gross allocations and designations                                     | <b>\$ 2,039,274</b> | <b>\$ 2,114,551</b> |

**10. PENSION PLANS**

United Way maintains a Simplified Employee Pension (SEP) Plan for eligible staff members. Employees are eligible to participate in the plan on January 1<sup>st</sup> of their second calendar year of employment. United Way has adopted a non-binding contribution range of 6-10% of employee earnings. The exact contribution percentage each year shall be the same for all covered employees.

For 2012 and 2011, the United Way Board has determined a retirement contribution of 10% of earnings for covered employees. Plan expenses incurred by United Way during 2012 and 2011 were \$ -0- and \$ -0-, respectively.

During the year ended June 30, 2012 and 2011, United Way contributed \$80,509 and \$83,507, respectively, to the plan.

**11. OTHER SUPPORT AND JOINT ACTIVITIES**

Other support consists of the following as of June 30:

|                                 | <b>2012</b>       | <b>2011</b>       |
|---------------------------------|-------------------|-------------------|
| In-kind media donations         | \$ 930,257        | \$ 907,037        |
| Sponsorship revenue             | 26,100            | 38,000            |
| Other in-kind donations         | -                 | 28,600            |
| Other event revenue             | 15,233            | 13,322            |
| Non-campaign bequests and gifts | -                 | 825               |
|                                 | <b>\$ 971,590</b> | <b>\$ 987,784</b> |

**UNITED WAY OF MONTEREY COUNTY  
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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012 AND 2011**

**11. OTHER SUPPORT AND JOINT ACTIVITIES (Continued)**

The advertising constitutes a joint activity and the costs related to this activity were allocated as follows as of June 30:

|                    | <b>2012</b>       | <b>2011</b>       |
|--------------------|-------------------|-------------------|
| Community services | \$ 697,693        | \$ 680,278        |
| Fundraising        | 232,564           | 226,759           |
|                    | <b>\$ 930,257</b> | <b>\$ 907,037</b> |

**12. GRANTS FROM COUNTY OF MONTEREY AND FIRST 5 MONTEREY COUNTY**

United Way receives grants from the County of Monterey and First 5 Monterey County. For the specific grants listed below, certain procedures were applied to the expenses reported under these grants.

| <b>Grant Award</b>                       | <b>Term of Grant</b>   | <b>2012</b> | <b>2011</b> |
|--|--|-------------|-------------|
| County of Monterey<br>DSES, CalWorks     | July 1, 2011 – June 30, 2012<br>July 1, 2010 – June 30, 2011 | \$ 92,941   | \$ 83,240   |
| County of Monterey<br>DSES, 211 Referral | July 1, 2010 – June 30, 2013                                 | \$ 30,000   | \$ 30,000   |
| First 5 Monterey County                  | November 1, 2008 – December 31, 2011                         | \$ 25,000   | \$ 25,000   |

**13. OPERATING LEASES**

Effective May 1, 2010, a five-year lease for the Monterey facility commenced. The term of the lease is for five years ending April 30, 2015, with the option to renew the lease for one additional period of five years. The lease requires monthly payments of \$4,709, and does not provide for an annual increase in the base rent.

**UNITED WAY OF MONTEREY COUNTY  
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**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2012 AND 2011**

**13. OPERATING LEASES (Continued)**

On November 4, 2009, United Way entered into an agreement to lease an additional office in Salinas. The term of the lease is for three years, commencing on December 1, 2009, and ending on November 30, 2012. There is an option to renew the lease for one additional period of three years and the lease requires United Way to pay a proration of maintenance charges. The lease requires monthly payments of \$1,925 and provides for an annual increase in the base rent.

Total rent expense incurred under all operating leases described for the year ended June 30, 2012 and 2011 totaled \$78,934 and \$78,285, respectively.

The future minimum rental payments required under these leases as of June 30, 2012 are as follows:

| <u>Fiscal Year<br/>Ended June 30,</u> |                   |
|---------------------------------------|-------------------|
| 2013                                  | \$ 66,265         |
| 2014                                  | 56,505            |
| 2015                                  | <u>47,088</u>     |
|                                       | <u>\$ 169,858</u> |