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

INDEPENDENT AUDITOR'S REPORT

November 4, 2009

To the Board of Directors  
Inland Empire United Way  
Rancho Cucamonga, CA

I have audited the accompanying statement of financial position for the Inland Empire United Way (a non-profit organization) as of June 30, 2009 and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of the Inland Empire United Way's management. My responsibility is to express an opinion on these financial statements based on my audit. The prior year summarized comparative information has been derived from the Inland Empire United Way's June 30, 2008 financial statements and, in my report dated November 11, 2008, I expressed an unqualified opinion on those financial statements.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit 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 audit provides 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 Inland Empire United Way as of June 30, 2009, and the changes in its net assets and cash flows and functional expenses for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Perry M. Henderson, CPA

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

222 East Olive Avenue, Suite 5C • Redlands, CA 92373 • Phone: (909) 792-4268 • Fax: (909) 792-5659  
e-mail [perry@pmhendersoncpa.com](mailto:perry@pmhendersoncpa.com)

INLAND EMPIRE UNITED WAY  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2009  
(with summarized financial information  
at June 30, 2008)

	Unrestricted	Temporarily Restricted	Total	<b>Total June 30, 2008</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 455,615		\$ 455,615	\$ 455,746
Pledges receivable		\$ 2,122,946	2,122,946	2,013,340
(Less) Allowance for Uncollectible		(331,197)	(331,197)	(465,570)
Designations receivable		49,682	49,682	85,287
Operating Receivables	225		225	1,082
Short-term Investments	158,683		158,683	424,222
Inventory	940,121		940,121	917,509
Prepaid Expenses	60,757		60,757	63,818
Deposits	25,078		25,078	25,078
Equipment and leasehold improvements	1,397,104		1,397,104	1,365,392
(Less) Accumulated depreciation	(1,091,351)		(1,091,351)	(923,782)
<b>Total Assets</b>	<b>\$ 1,946,232</b>	<b>\$ 1,841,431</b>	<b>\$ 3,787,663</b>	<b>\$ 3,962,122</b>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Designations payable	\$ 44,481		\$ 44,481	\$ 88,750
Operating accounts payable	21,192		21,192	142,798
Accrued Expenses	125,048		125,048	141,573
<b>Total Liabilities</b>	<b>190,721</b>	<b>-</b>	<b>190,721</b>	<b>373,121</b>
<b>Net Assets</b>				
Unrestricted				
Unappropriated	1,308,307		1,308,307	917,942
Board Appropriated	447,204		447,204	1,038,002
Temporarily Restricted		1,841,431	1,841,431	1,633,057
<b>Total Net Assets</b>	<b>1,755,511</b>	<b>1,841,431</b>	<b>3,596,942</b>	<b>3,589,001</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,946,232</b>	<b>\$ 1,841,431</b>	<b>\$ 3,787,663</b>	<b>\$ 3,962,122</b>

INLAND EMPIRE UNITED WAY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009  
(with summarized financial information  
for the year ended June 30, 2008)

	Unrestricted	Temporarily Restricted	Total	<b>Total June 30, 2008</b>
<b>PUBLIC SUPPORT AND REVENUE</b>				
Gross Campaign Result (prior years)	\$ 154,782		\$ 154,782	\$ 556,654
(Less) Donor Designations	(82,205)		(82,205)	(501,235)
Net Campaign Revenue (prior years)	<u>72,577</u>	-	<u>72,577</u>	55,419
Gross Campaign Result (current year)		3,410,661	3,410,661	3,759,348
(Less) Donor Designations & Pass Thrus		(851,698)	(851,698)	(979,140)
(Less) Provision for Uncollectible		(147,440)	(147,440)	(292,825)
Net Campaign Revenue (current year)	<u>-</u>	<u>2,411,523</u>	<u>2,411,523</u>	<u>2,487,383</u>
Net Campaign Revenue	72,577	2,411,523	2,484,100	2,542,802
Gifts in kind	1,275,291		1,275,291	1,160,633
Other Contributions			-	6,796
Service Fees	23,154		23,154	46,887
Program Fees	82,106		82,106	75,041
Grants & Contracts	1,139,041		1,139,041	1,093,818
Investment Income	8,756		8,756	18,895
Unrealized Gains/(Losses)	(4,877)		(4,877)	(4,028)
Miscellaneous Income	4,142		4,142	21,170
Sponsorship	6,610		6,610	61,737
Net assets released from time restriction	<u>2,203,149</u>	<u>(2,203,149)</u>	<u>-</u>	
Total Revenue/(Loss)	<u>4,737,372</u>	<u>(2,203,149)</u>	<u>2,534,223</u>	<u>2,480,949</u>
Total Public Support and Revenue	<u>4,809,949</u>	<u>208,374</u>	<u>5,018,323</u>	<u>5,023,751</u>
<b>EXPENSES</b>				
Program services				
Gross Funds Awarded/Distributed	1,550,712		1,550,712	1,575,840
Less donor designations	(918,126)		(918,126)	(961,938)
Net Funds Awarded/Distributed	<u>632,586</u>		<u>632,586</u>	613,902
Community Programs	1,228,450		1,228,450	1,137,112
Kids Programs	2,126,060		2,126,060	2,423,795
Other Programs	399,088		399,088	263,281
TOTAL PROGRAM SERVICES	<u>3,753,598</u>		<u>3,753,598</u>	3,824,188
Supporting Services				
Organizational administration	92,037		92,037	107,547
Fund raising	483,892		483,892	528,465
United Way of America Dues	48,269		48,269	27,596
TOTAL SUPPORTING SERVICES	<u>624,198</u>	<u>-</u>	<u>624,198</u>	<u>663,608</u>
TOTAL EXPENSES	5,010,382	-	5,010,382	5,101,698
Increase/(Decrease) in Net Assets	(200,433)	208,374	7,941	(77,947)
Net Assets - Beginning of Year	1,955,944	1,633,057	3,589,001	3,666,948
Net Assets - End of Year	<u>\$ 1,755,511</u>	<u>\$ 1,841,431</u>	<u>\$ 3,596,942</u>	<u>\$ 3,589,001</u>

See accompanying notes to financial statements.

INLAND EMPIRE UNITED WAY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2009  
(with summarized financial information  
for the year ended June 30, 2008)

	2009	2008
<b>RECONCILIATION OF INCREASE / (DECREASE) IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Increase / (Decrease) in net assets	<u>\$ 7,941</u>	<u>\$ (77,947)</u>
 <b>ADJUSTMENTS TO RECONCILE INCREASE / (DECREASE) IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Non-cash gifts received	\$ (1,275,291)	(1,065,633)
Non-cash gifts made	1,266,471	1,119,362
Unrealized loss/(gain) on investment	4,877	4,028
Depreciation	167,569	171,907
Loss on uncollectible pledges	(134,373)	292,825
(Increase)/Decrease in:		
Pledge and other receivables	(73,144)	(227,565)
Inventory	(13,792)	(21,218)
Prepaid expenses & deposits	3,061	(18,867)
Increase/(Decrease) in:		
Designations payable	(44,269)	(57,403)
Accrued expenses and accounts payable	<u>(138,262)</u>	<u>129,446</u>
Total Adjustments	<u>(237,153)</u>	<u>326,882</u>
<b>NET CASH PROVIDED / (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (229,212)</u>	<u>\$ 248,935</u>
 <b>Cash Flows from Investing Activities</b>		
Leasehold Improvement & Equipment Acquisitions	(31,712)	(181,547)
Maturity/(Purchase) of short-term investments	<u>260,793</u>	<u>(129,038)</u>
<b>NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES</b>	<u>229,081</u>	<u>(310,585)</u>
 <b>NET (DECREASE) IN CASH</b>	(131)	(61,650)
<b>CASH - BEGINNING OF YEAR</b>	<u>455,746</u>	<u>517,396</u>
<b>CASH - END OF YEAR</b>	<u><u>\$ 455,615</u></u>	<u><u>\$ 455,746</u></u>

INLAND EMPIRE UNITED WAY  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2009  
(with summarized financial information  
for the year ended June 30, 2008)

	Program Services				Admin- istration	Fund Raising	Grand Total	2008
	Community Programs	Kids Programs	Other Programs	Total				
Personnel Expenses								
Salaries	\$ 692,034	\$ 563,028	\$ 80,177	\$ 1,335,239	\$ 28,917	\$ 277,825	\$ 1,641,981	\$1,748,264
Payroll Taxes	64,613	52,436	6,673	123,722	3,501	26,904	154,127	159,152
Travel & Per Diem	13,820	10,456	4,328	28,604	1,738	5,113	35,455	38,140
Employee Benefits	114,687	104,170	10,147	229,004	4,817	35,271	269,092	250,301
Sub-Total	885,154	730,090	101,325	1,716,569	38,973	345,113	2,100,655	\$2,195,857
Advertising & Promotion	1,283	585	1,009	2,877	35	116	3,028	8,188
Contract Services	5,942	23,385	3,322	32,649	130	549	33,328	98,562
Events	2,755	59		2,814			2,814	8,927
Equipment Rent & Maintenance	3,625	3,571	255	7,451	245	6,902	14,598	39,649
Fees	122	1,727	157	2,006	3,435	6,972	12,413	23,238
Food		126,213		126,213			126,213	79,007
Gifts in Kind	9,998	981,833	274,640	1,266,471	-		1,266,471	1,214,362
Supplies	15,346	21,091	736	37,173	574	4,497	42,244	70,908
Printing & Copying	6,446	2,569	872	9,887	43	7,174	17,104	21,780
Postage & Shipping	1,852	2,658	49	4,559	401	1,152	6,112	8,438
Telephone & Networks	42,854	32,768	3,235	78,857	1,473	8,543	88,873	78,456
Occupancy	145,386	104,114	2,520	252,020	6,343	62,320	320,683	324,307
Meeting Expense	2,051	-	-	2,051	-	-	2,051	6,741
Board & Staff Development	4,717	6,357	81	11,155	14	(1,939)	9,230	27,613
Insurance	9,999	9,581	1,529	21,109	671	4,096	25,876	28,736
Miscellaneous	6,190	8,280	176	14,646	1,045	1,299	16,990	2,061
Recognition	-	-	-	-	-	-	-	6,658
Dues & Subscriptions	6,057	6,679	293	13,029	36	3,855	16,920	19,150
Professional Fees	13,538	4,076	175	17,789	34,581	3,985	56,355	25,655
Sub-Total	278,161	1,335,546	289,049	1,902,756	49,026	109,521	2,061,303	2,092,436
Depreciation	65,135	60,424	8,714	134,273	4,038	29,258	167,569	171,907
TOTAL OPERATIONS	1,228,450	2,126,060	399,088	3,753,598	92,037	483,892	4,329,527	4,460,200
Allocation/Awards			1,550,712	1,550,712	\$ -		\$ 1,550,712	1,575,840
Less Donor Designations			(918,126)	(918,126)			(918,126)	(961,938)
TOTAL EXPENSE	\$ 1,228,450	\$ 2,126,060	\$ 1,031,674	\$ 4,386,184	\$ 92,037	\$ 483,892	\$ 4,962,113	\$ 5,074,102

See accompanying notes to financial statements.

**INLAND EMPIRE UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

Note 1— Nature of Activities and Significant Accounting Policies

Nature of and Mission of Organization

The Inland Empire United Way (the Organization) was organized under the laws of the State of California as a nonprofit public benefit corporation on January 14, 1992, as the Mt. Baldy United Way. It works in partnership with local community leaders, businesses, government agencies, nonprofit organizations and individuals to build a stronger community. The mission of the Inland Empire United Way is to engage a caring community to respond to human need by helping disadvantaged kids succeed in school, providing easy access to health and social services, encouraging safe and nurturing environments for infants and toddlers, and developing opportunities for volunteers to create positive change, and strengthening financial stability opportunities for low-income families.

The Organization's service area covers regions of Los Angeles, San Bernardino and Riverside counties in California.

Campaign Pledges and Appropriations

An annual fundraising campaign is conducted each fall to obtain donations and pledges to fund the subsequent year's operations. Accordingly, a receivable is recorded at year-end for outstanding campaign pledges with an allowance for amounts estimated to be uncollectible. Substantially all of the pledges receivable at June 30, 2009 are from corporations and individuals. The Inland Empire United Way maintains reserves for potential uncollectible pledges which, in the aggregate, have not exceeded management's expectations. After two years, uncollected campaign pledges are written off.

Donations and pledges to specific programs are recorded as temporarily restricted revenues in the campaign year and released into unrestricted net assets as time restrictions are satisfied in the subsequent years. Donor designated pledges are accounted for as a liability until dispensed to the designated agency. Those amounts are not accounted for as revenue by the Inland Empire United Way but are reported as part of campaign results from which the amounts are then deducted to arrive at campaign revenue.

Provision for uncollectible pledges is computed based upon historical averages adjusted by management estimates of current economic factors, applied to gross campaign excluding donor designations.

Donor designated pledges are assessed both a fundraising and a processing fee based on actual historical costs in accordance with United Way of America membership standards as outlined in their publication entitled United Way of America Implementation Requirements for Membership Standard M (Cost Deduction for Designated Funds).

**INLAND EMPIRE UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

Note 1-continued

Basis of Presentation

The Organization follows standards of accounting and financial reporting for voluntary health and welfare organizations as described in the American Institute of Certified Public Accountants' "Audit and Accounting Guide for Not-For-Profit Organizations." Accordingly, the financial statements are prepared on the accrual basis of accounting.

The organization maintains its accounts in accordance with the principles of fund accounting. All financial transactions have been recorded on and reported by the following net asset groups:

Unrestricted net assets represent resources over which the Board of Directors has discretionary control and are used to carry out operations of the Organization in accordance with its bylaws. The use of portions of these assets have been designated by the Board of Directors for specific purposes.

Temporarily Restricted net assets are primarily comprised of pledges receivable from the annual campaign, which are restricted for allocation to agencies, program funding and operating expenses in the coming year, or which carry time or purpose restrictions as specified by the donor.

Accounting Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the use of certain estimates by management. The significant items in these statements that are affected by management estimates are allowance for doubtful accounts, depreciation, valuation of donated services and materials, and allocations of functional expenses.

Contributions

Contributions are recognized when the donor makes a promise to give the Organization that is, in substance, unconditional, and are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increase in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished) temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

**INLAND EMPIRE UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

Note 1-continued

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits in banks, cash on hand and money market accounts. For purpose of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Inventory and In-Kind Gifts Received

Inventory consists primarily of school supplies, children's books, children's clothing and foodstuffs, and is valued at the lower of cost or net realizable value, on the first-in-first out method. This inventory is held primarily for distribution, without charge, to schools, teachers and children through the Organization's various programs. Significant portions of the inventory are donated, primarily by large corporations within the Organization's service area. These donations are recorded as in-kind gifts at the estimated net realizable value of the items.

Property and Equipment and Depreciation

It is the practice of the Organization to capitalize equipment and leasehold improvements in excess of \$500. Purchased equipment and leasehold improvements are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value on the date of the gift. Major improvements and renewals are capitalized, while ordinary maintenance and repairs are expensed. Management annually reviews these assets to determine whether carrying values have been impaired. Depreciation is calculated using the straight-line method over 3 to 7 years.

Functional Expenses

Functional expenses are charged to each program based on direct expenditures incurred. Any program expenses not directly chargeable are allocated to program services and supporting services based on analysis of personnel time as recommended by the United Way in its publication *United Way of America Functional Expenses and Overhead Reporting Standards* (revised 2003).

**INLAND EMPIRE UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

Note 1-continued

Donated Services

During the years ended June 30, 2009 and 2008, the value of contributed services from meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization at its facilities, but these services do not meet the criteria for recognition as contributed services.

Income Taxes

The Inland Empire United Way is a not-for-profit organization that is exempt from income taxes under section 501 (c) (3) of the Internal Revenue Code and section 23701d of the California Revenue and Taxation Code. It is classified by the Internal Revenue Service as other than a private foundation. In management's judgment there are no uncertain tax positions that would require measurement or disclosure.

Investments

Investments consist primarily of federal government agency bonds and certificates of deposit. They are carried at fair value, determined using published market quotations where available. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increase in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Concentrations

The Inland Empire United Way maintains deposits in one Southern California bank in 2009 and three in 2008, which are secured by the Federal Deposit Insurance Corporation up to \$250,000 in 2009 and \$100,000 in 2008 each bank. The balances in these banks at June 30, 2009 and 2008 exceed the insured limit by approximately \$153,000 and \$109,000 respectively. Management does not consider this concentration to be a significant credit risk.

The County of San Bernardino made a grant of \$500,000 in 2008 and \$503,500 in each year through 2009 to fund the 2-1-1 program.

Summarized Prior Year Information

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2008, from which the summarized information was derived.

**INLAND EMPIRE UNITED WAY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**Note 2 — Cash and Investments**

Cash and cash equivalents consist of the following:

	Unrestricted	Restricted	Total	2008
Petty Cash	\$ 1,400	\$ -	\$ 1,400	\$1,400
Cash in interest bearing checking and savings accounts	283,732		283,732	270,088
Cash in money market Accounts	<u>170,483</u>		<u>170,483</u>	<u>184,258</u>
Total	<u>\$ 455,615</u>	<u>\$</u>	<u>455,615</u>	<u>\$455,746</u>

Investments

Investments are stated at fair value. Fair value is determined with reference to quoted market prices. Fair values at June 30, 2009 and 2008 are as follows:

	2009	2008
Certificates of Deposit	\$100,000	\$359,572
U.S. Government Agency Bonds Funds	58,683	51,992
Stocks		12,658
	<u>\$158,683</u>	<u>\$424,222</u>

Investment return for the years ended June 30, 2009 and 2008 consists of:

	2009	2008
Interest and dividends	\$ 9,775	\$18,895
Unrealized appreciation (depreciation)	(4,877)	(4,028)
	<u>\$ 4,898</u>	<u>14,867</u>

The entire investment return is classified as unrestricted.

**INLAND EMPIRE UNITED WAY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

Note 3 — Pledges Receivable

Pledges receivable consist of:

	2009	2008
Current year's campaign	\$1,697,371	\$ 1,697,354
Prior years' campaigns	425,575	315,986
Designations receivable	49,682	85,287
	<u>2,172,628</u>	<u>2,098,627</u>
Less allowance for Uncollectible	<u>(331,197)</u>	<u>(465,570)</u>
	<u>\$ 1,841,431</u>	<u>\$1,633,057</u>

Pledge receivables from six major corporate donors which also collect individual employee pledges and remit them to the Inland Empire United Way, comprise approximately 37% of the total gross receivables for both the current and prior campaign years.

Note 4 — Equipment and Leasehold Improvements

Equipment and leasehold improvements include the following at June 30,

	2009	2008
Leasehold improvements	\$261,370	\$250,003
Vehicles	106,439	106,439
Computer equipment	375,506	358,743
Furniture and equipment	425,179	423,046
Computer software	228,610	227,161
	<u>1,397,104</u>	<u>1,365,392</u>
Less: accumulated depreciation	<u>( 1,091,351)</u>	<u>(923,782)</u>
Net Equipment and Leasehold Improvements	<u>\$ 305,753</u>	<u>\$ 441,610</u>

Note 5 — Designations Payable

Designations payable represent donor designations to specific agencies.

**INLAND EMPIRE UNITED WAY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**Note 6 — Net Assets**

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

	2009	2008
Unrestricted:		
Designated for campaign reserve	\$321,028	\$ 911,826
Quasi-endowment, United Way of East Valley	126,176	126,176
Total Designated	<u>447,204</u>	<u>1,038,002</u>
Undesignated	1,308,307	917,942
Total Unrestricted	<u>1,755,551</u>	<u>1,955,944</u>
Temporarily Restricted:		
Pledges & designations receivable, net of allowance for uncollectible	1,841,431	1,633,057
Total Net Assets	<u>\$3,596,942</u>	<u>\$3,589,001</u>

**Note 7 — Leases**

Inland Empire United Way leases office space under operating leases on its premises on Hermosa Avenue in Rancho Cucamonga and on Indiana Street in Redlands. These leases expire on various dates through December 31, 2011. In addition to the base rent, the tenant is required to pay utilities, insurance and maintenance. Rental expense for the years ended June 30, 2009 and 2008 was \$ 258,496 and \$256,225 respectively.

Future minimum commitments under these leases are:

Year ending June 30,	
2010	250,356
2011	117,054

**INLAND EMPIRE UNITED WAY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009**

**Note 8 – Employee Benefits**

Employee benefits payable consist of payroll taxes, 403(b) retirement plan, health care benefits, long-term disability and workers' compensation insurance. Accrued vacation totaled \$ 51,687 and \$ 64,941 at June 30, 2009 and 2008 respectively.

**Note 9 – Retirement Plan**

Effective November 1, 1993, Mt. Baldy United Way established a 403(b) retirement plan for its employees. All employees are eligible for salary deferrals and employer matching contributions immediately upon employment. The employees may contribute up to 20% of their annual wages and the Organization will match 25% of the employee contribution up to 8% of employee compensation. The Board may change the employer contribution annually. Employer matching contributions to the plan were \$ 2,381 and \$ 3,969 in June 30, 2009 and 2008 respectively. Participants are 100% vested in all contributions.

**Note 10 – Contingencies**

At their June 16, 2009 meeting, the United Way of America Board of Trustees considered a recommendation that Inland Empire United Way be placed on probation for one year for violation of the Member Trademark License Agreement. After thoughtful review, the board approved this recommendation. While on probationary membership status, Inland Empire United Way's benefits of United Way of America membership will not be affected.

Two former employees have filed lawsuits against IEUW alleging violations of employment laws. IEUW anticipates that the aggregate costs to defend these actions will be covered by insurance, subject to a \$10,000 deductible per claim. A third claim has been alleged, but no lawsuit has yet been filed. The financial statements for the year ended June 30, 2009 contain a provision for \$10,000 loss on the second case and they have incurred \$ 10,000 of expense on the first case.