

UNITED WAY OF THE QUAD CITIES AREA

Financial Statements

June 30, 2011 and 2010

**(With Independent Auditor's
Report Thereon)**

UNITED WAY OF THE QUAD CITIES AREA

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Independent Auditor's Report

To the Board of Directors
United Way of the Quad Cities Area

We have audited the accompanying statements of financial position of United Way of the Quad Cities Area (an Iowa nonprofit corporation) as of June 30, 2011 and 2010 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. 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 financial statements referred to above present fairly, in all material respects, the financial position of United Way of the Quad Cities Area, as of June 30, 2011 and 2010 and the changes in its net assets, its cash flows and its functional expenses for the years then ended in conformity with U.S. generally accepted accounting principles.

Anderson, Lower, Whitlow, P.C.

Bettendorf, Iowa
August 4, 2011

UNITED WAY OF THE QUAD CITIES AREA

Statements of Financial Position

June 30, 2011 and 2010

<u>Assets</u>	<u>2011</u>	<u>2010</u>
Current assets:		
Cash and cash equivalents	\$2,177,406	1,868,808
Certificates of deposit	2,414,367	2,679,788
Unconditional promises to give (note 3):		
Campaign, net	2,991,592	2,933,934
Other	540,813	152,642
Other receivables	60,101	64,675
Prepaid expenses	10,565	7,981
Total current assets	<u>8,194,844</u>	<u>7,707,828</u>
Investments – endowment (notes 4 and 5)	<u>1,326,342</u>	<u>1,155,450</u>
Property and equipment		
Office equipment and technology	403,637	242,838
2-1-1 equipment	-	1,058
Leasehold improvements	<u>251,353</u>	<u>251,353</u>
	654,990	495,249
Less accumulated depreciation	<u>467,865</u>	<u>434,236</u>
Net property and equipment	<u>187,125</u>	<u>61,013</u>
Total assets	<u>\$9,708,311</u>	<u>8,924,291</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	187,005	148,374
Allocations payable to agencies (note 7)	3,450,799	3,680,120
Specific care designations payable (note 8)	856,298	839,136
Deferred revenue	2,500	10,000
Other liabilities	<u>18,240</u>	<u>146,584</u>
Total current liabilities	<u>4,514,842</u>	<u>4,824,214</u>
Other long-term payables	<u>50,000</u>	<u>-</u>
Total liabilities	<u>4,564,842</u>	<u>4,824,214</u>
Net assets:		
Unrestricted:		
Undesignated	1,121,245	879,795
Board designated (note 10)	<u>1,248,558</u>	<u>1,131,239</u>
Total unrestricted	<u>2,369,803</u>	<u>2,011,034</u>
Temporarily restricted (note 11):		
Operations	2,606,476	1,947,459
Endowment	<u>167,190</u>	<u>141,584</u>
Total temporarily restricted	<u>2,773,666</u>	<u>2,089,043</u>
Total net assets	<u>5,143,469</u>	<u>4,100,077</u>
Total liabilities and net assets	<u>\$9,708,311</u>	<u>8,924,291</u>

See accompanying notes to financial statements.

UNITED WAY OF THE QUAD CITIES AREA

Statements of Activities

**Year Ended June 30, 2011
(With Comparative Totals for 2010)**

	2011			2010
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Comparative Totals</u>
Public support and revenue:				
Public support:				
Annual campaign	\$ -	5,701,714	5,701,714	5,773,365
Endowment contributions	6,613	-	6,613	30,414
Loaned executive reimbursement	-	38,000	38,000	29,500
Gain on prior year's campaign	-	238,319	238,319	58,503
Sponsorship revenue	34,866	-	34,866	38,933
Designation fees	71,515	-	71,515	57,321
In-kind revenue	<u>225,634</u>	<u>-</u>	<u>225,634</u>	<u>273,658</u>
Total public support	<u>338,628</u>	<u>5,978,033</u>	<u>6,316,661</u>	<u>6,261,694</u>
Revenue:				
Interest and dividends	103,934	-	103,934	141,826
Net unrealized gain on investments	200,018	-	200,018	117,529
Net realized gain (loss) on investments	15,081	-	15,081	(9,106)
Accounting service bureau fees	33,700	-	33,700	34,500
Wish list revenue	-	24,335	24,335	12,335
Achieve Quad Cities	-	170,260	170,260	145,760
Operation Read	-	1,052	1,052	456
Tax preparation assistance	-	26,931	26,931	-
Vitality Scan	-	7,500	7,500	7,500
Economic Downturn Grants	-	301,000	301,000	672,200
Flood relief	-	-	-	(3,091)
Student United Way/10KQC	-	1,106	1,106	100
Imagination Library	-	258,581	258,581	209,100
Women's Leadership Initiative	-	562,880	562,880	-
2-1-1 Administrative Support	-	9,084	9,084	63,446
Miscellaneous	-	17	17	5
Net assets released from restrictions - satisfaction of program restrictions	<u>6,656,156</u>	<u>(6,656,156)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>7,008,889</u>	<u>(5,293,410)</u>	<u>1,715,479</u>	<u>1,392,560</u>
Total public support and revenue	<u>7,347,517</u>	<u>684,623</u>	<u>8,032,140</u>	<u>7,654,254</u>
Expenses:				
Program services	5,380,542	-	5,380,542	5,321,284
Fundraising	652,471	-	652,471	681,022
Administration	<u>872,125</u>	<u>-</u>	<u>872,125</u>	<u>705,043</u>
	6,905,138	-	6,905,138	6,707,349
Payments to National Organization	<u>83,610</u>	<u>-</u>	<u>83,610</u>	<u>84,673</u>
Total expenses	<u>6,988,748</u>	<u>-</u>	<u>6,988,748</u>	<u>6,792,022</u>
Increase in net assets	<u>\$ 358,769</u>	<u>684,623</u>	<u>1,043,392</u>	<u>862,232</u>

See accompanying notes to financial statements.

UNITED WAY OF THE QUAD CITIES AREA

Statements of Changes in Net Assets

June 30, 2011 and 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Net assets – June 30, 2009	\$1,601,519	1,636,326	3,237,845
Change in net assets	<u>409,515</u>	<u>452,717</u>	<u>862,232</u>
Net assets – June 30, 2010	2,011,034	2,089,043	4,100,077
Change in net assets	<u>358,769</u>	<u>684,623</u>	<u>1,043,392</u>
Net assets – June 30, 2011	<u>\$2,369,803</u>	<u>2,773,666</u>	<u>5,143,469</u>

See accompanying notes to financial statements.

UNITED WAY OF THE QUAD CITIES AREA

Statements of Functional Expenses

Year Ended June 30, 2011

	Program			
	<u>Allocations to Agencies</u>	<u>Community Investment</u>	<u>Community Initiatives</u>	<u>Labor</u>
Expenses:				
Allocations to agencies	<u>\$4,666,882</u>	<u>-</u>	<u>-</u>	<u>-</u>
Professional salaries	-	40,089	214,800	40,000
Clerical salaries	-	-	2,838	1,760
Employee benefits	-	8,327	25,631	7,164
Payroll taxes	-	<u>3,634</u>	<u>17,990</u>	<u>4,058</u>
Total compensation	<u>-</u>	<u>52,050</u>	<u>261,259</u>	<u>52,982</u>
Professional fees and contract service payments	-	1,920	6,882	1,758
Supplies	-	1,767	7,383	1,432
Telephone	-	488	1,774	410
Postage and shipping	-	618	2,221	512
Occupancy	-	5,636	19,868	4,725
Rental and maintenance of equipment	-	649	2,356	539
Printing, publications and films	-	59	333	53
Travel	-	525	2,642	112
Conferences and meetings	-	1,863	4,075	377
Membership dues	-	4	821	-
Investment advisory fees	-	-	-	-
Miscellaneous	-	-	-	-
Sponsorship expense	-	-	-	-
Wish list expense	-	-	<u>23,101</u>	<u>-</u>
Total expenses	<u>4,666,882</u>	<u>65,579</u>	<u>332,715</u>	<u>62,900</u>
Depreciation	-	493	18,815	414
In-kind expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total functional expenses	<u>\$4,666,882</u>	<u>66,072</u>	<u>351,530</u>	<u>63,314</u>

See accompanying notes to financial statements.

Services

<u>Accounting Service Bureau</u>	<u>2-1-1</u>	<u>Information Technology for Programs</u>	<u>Total Program Services</u>
-	-	-	<u>4,666,882</u>
24,779	72,097	23,979	415,744
-	31,479	-	36,077
-	18,929	4,659	64,710
<u>1,799</u>	<u>8,386</u>	<u>2,120</u>	<u>37,987</u>
<u>26,578</u>	<u>130,891</u>	<u>30,758</u>	<u>554,518</u>
-	2,639	923	14,122
-	-	891	11,473
-	1,070	236	3,978
-	-	295	3,646
-	9,749	2,684	42,662
-	1,241	314	5,099
-	-	29	474
-	2,415	32	5,726
-	524	671	7,510
-	3,909	-	4,734
-	-	-	-
-	7,340	-	7,340
-	-	-	-
-	-	-	<u>23,101</u>
<u>26,578</u>	<u>159,778</u>	<u>36,833</u>	<u>5,351,265</u>
-	-	5,375	25,097
-	-	<u>4,180</u>	<u>4,180</u>
<u>26,578</u>	<u>159,778</u>	<u>46,388</u>	<u>5,380,542</u>

UNITED WAY OF THE QUAD CITIES AREA
Statements of Functional Expenses, continued
Year Ended June 30, 2011

	<u>Fundraising</u>	<u>Administration</u>		
	Resource Development/ <u>Major Gifts</u>	<u>Finance</u>	<u>Information Technology for Management</u>	<u>Marketing and Brand Strategy</u>
Expenses:				
Allocations to agencies	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Professional salaries	248,391	115,678	39,123	157,683
Clerical salaries	60,443	2,838	-	-
Employee benefits	57,687	24,434	7,602	25,045
Payroll taxes	<u>26,839</u>	<u>10,110</u>	<u>3,460</u>	<u>12,452</u>
Total compensation	<u>393,360</u>	<u>153,060</u>	<u>50,185</u>	<u>195,180</u>
Professional fees and contract service payments	12,963	4,543	1,505	4,816
Supplies	20,892	4,696	1,455	5,026
Telephone	3,968	1,160	385	1,226
Postage and shipping	4,142	1,451	481	1,598
Occupancy	37,937	13,100	4,379	14,090
Rental and maintenance of equipment	4,378	1,544	511	1,631
Printing, publications and films	93,306	141	46	24,275
Travel	10,035	127	52	1,419
Conferences and meetings	7,536	1,209	1,096	3,816
Membership dues	367	-	-	-
Investment advisory fees	-	9,829	-	-
Miscellaneous	-	-	-	-
Sponsorship expense	34,866	-	-	-
Wish list expense	-	-	-	-
Total expenses	<u>623,750</u>	<u>190,860</u>	<u>60,095</u>	<u>253,077</u>
Depreciation	6,750	1,182	8,771	2,391
In-kind expenses	<u>21,971</u>	<u>603</u>	<u>6,820</u>	<u>73,740</u>
Total functional expenses	<u>\$652,471</u>	<u>192,645</u>	<u>75,686</u>	<u>329,208</u>

See accompanying notes to financial statements.

		<u>Total</u>
<u>Other</u>	<u>Total</u>	<u>2011</u>
<u>Administrative</u>	<u>Administration</u>	
<u>-</u>	<u>-</u>	<u>4,666,882</u>
46,516	359,000	1,023,135
22,114	24,952	121,472
13,304	70,385	192,782
<u>5,702</u>	<u>31,724</u>	<u>96,550</u>
<u>87,636</u>	<u>486,061</u>	<u>1,433,939</u>
10,963	21,827	48,912
6,897	18,074	50,439
1,010	3,781	11,727
964	4,494	12,282
9,054	40,623	121,222
1,026	4,712	14,189
91	24,553	118,333
4,176	5,774	21,535
9,824	15,945	30,991
15,433	15,433	20,534
8,425	18,254	18,254
-	-	7,340
-	-	34,866
-	-	<u>23,101</u>
<u>155,499</u>	<u>659,531</u>	<u>6,634,546</u>
768	13,112	44,959
<u>118,319</u>	<u>199,482</u>	<u>225,633</u>
<u>274,586</u>	<u>872,125</u>	<u>6,905,138</u>

UNITED WAY OF THE QUAD CITIES AREA

Statements of Functional Expenses

Year Ended June 30, 2010

	Program			
	<u>Allocations to Agencies</u>	<u>Community Investment</u>	<u>Community Initiatives</u>	<u>Labor</u>
Expenses:				
Allocations to agencies	<u>\$4,671,636</u>	-	-	-
Professional salaries	-	59,231	207,633	48,596
Clerical salaries	-	-	2,756	1,708
Employee benefits	-	2,409	8,317	2,138
Payroll taxes	-	<u>4,762</u>	<u>16,614</u>	<u>4,262</u>
Total compensation	<u>-</u>	<u>66,402</u>	<u>235,320</u>	<u>56,704</u>
Professional fees and contract service payments	-	2,107	6,125	1,766
Supplies	-	944	3,062	670
Telephone	-	867	2,564	743
Postage and shipping	-	1,659	4,759	1,377
Occupancy	-	5,346	15,556	4,524
Rental and maintenance of equipment	-	664	1,987	576
Printing, publications and films	-	153	631	221
Travel	-	898	2,521	-
Conferences and meetings	-	966	1,142	481
Membership dues	-	35	43	-
Investment advisory fees	-	-	-	-
Miscellaneous	-	-	-	-
Sponsorship expense	-	-	-	-
Vitality Scan	-	-	8,837	-
Wish list expense	-	-	<u>14,330</u>	-
Total expenses	<u>4,671,636</u>	<u>80,041</u>	<u>296,877</u>	<u>67,062</u>
Depreciation	-	508	1,691	441
In-kind expenses	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
Total functional expenses	<u>\$4,671,636</u>	<u>80,549</u>	<u>299,568</u>	<u>67,503</u>

See accompanying notes to financial statements.

Services

<u>Accounting Service Bureau</u>	<u>2-1-1</u>	<u>Information Technology for Programs</u>	<u>Total Program Services</u>
-	-	-	<u>4,671,636</u>
24,075	69,977	23,500	433,012
-	31,431	-	35,895
-	(4,260)	1,382	9,986
<u>1,755</u>	<u>6,708</u>	<u>1,955</u>	<u>36,056</u>
<u>25,830</u>	<u>103,856</u>	<u>26,837</u>	<u>514,949</u>
-	1,251	914	12,163
-	725	426	5,827
-	1,699	382	6,255
-	50	712	8,557
-	11,806	2,395	39,627
-	1,313	293	4,833
-	-	68	1,073
-	1,706	68	5,193
-	2,147	1,317	6,053
-	500	-	578
-	-	-	-
-	9,608	-	9,608
-	-	-	-
-	-	-	8,837
-	-	-	<u>14,330</u>
<u>25,830</u>	<u>134,661</u>	<u>33,412</u>	<u>5,309,519</u>
-	-	5,845	8,485
-	-	<u>2,280</u>	<u>3,280</u>
<u>25,830</u>	<u>134,661</u>	<u>41,537</u>	<u>5,321,284</u>

UNITED WAY OF THE QUAD CITIES AREA
Statements of Functional Expenses, continued
Year Ended June 30, 2010

	<u>Fundraising</u>	<u>Administration</u>		
	Resource Development/ <u>Major Gifts</u>	<u>Finance</u>	<u>Information Technology for Management</u>	<u>Marketing and Brand Strategy</u>
Expenses:				
Allocations to agencies	\$ -	-	-	-
Professional salaries	242,002	113,488	38,343	126,633
Clerical salaries	52,424	2,756	-	-
Employee benefits	13,750	10,399	2,254	3,612
Payroll taxes	<u>24,598</u>	<u>9,280</u>	<u>3,190</u>	<u>10,041</u>
Total compensation	<u>332,774</u>	<u>135,923</u>	<u>43,787</u>	<u>140,286</u>
Professional fees and contract service payments	13,374	4,131	1,491	4,818
Supplies	14,855	2,065	695	2,433
Telephone	6,655	1,747	624	2,068
Postage and shipping	10,522	3,271	1,161	3,807
Occupancy	34,177	10,456	3,906	12,393
Rental and maintenance of equipment	4,370	1,351	478	1,598
Printing, publications and films	79,885	1,315	111	35,603
Travel	8,896	176	111	1,417
Conferences and meetings	1,259	1,243	2,150	538
Membership dues	639	-	-	-
Investment advisory fees	-	-	-	-
Miscellaneous	-	6,354	-	-
Sponsorship expense	34,779	-	-	-
Vitality Scan	-	-	-	-
Wish list expense	-	-	-	-
Total expenses	<u>542,185</u>	<u>168,032</u>	<u>54,514</u>	<u>204,961</u>
Depreciation	5,323	1,211	9,536	1,856
In-kind expenses	<u>133,514</u>	<u>8,796</u>	<u>3,720</u>	<u>8,300</u>
Total functional expenses	<u>\$681,022</u>	<u>178,039</u>	<u>67,770</u>	<u>215,117</u>

See accompanying notes to financial statements.

<u>Other Administrative</u>	<u>Total Administration</u>	<u>Total 2010</u>
<u>-</u>	<u>-</u>	<u>4,671,636</u>
39,139	317,603	992,619
22,407	25,163	113,480
(2,070)	14,195	37,931
<u>4,999</u>	<u>27,510</u>	<u>88,164</u>
<u>64,475</u>	<u>384,471</u>	<u>1,232,194</u>
8,291	18,731	44,268
8,592	13,785	34,467
1,615	6,054	18,964
3,019	11,258	30,337
9,961	36,716	110,520
1,172	4,599	13,802
266	37,295	118,253
6,676	8,380	22,469
4,297	8,228	15,540
12,592	12,592	13,809
6,183	6,183	6,183
49	6,403	16,011
-	-	34,779
-	-	8,837
-	-	<u>14,330</u>
<u>127,188</u>	<u>554,695</u>	<u>6,406,399</u>
881	13,484	27,292
<u>116,048</u>	<u>136,864</u>	<u>273,658</u>
<u>244,117</u>	<u>705,043</u>	<u>6,707,349</u>

UNITED WAY OF THE QUAD CITIES AREA

Statements of Cash Flows

Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Change in net assets	\$1,043,392	862,232
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	44,959	27,292
Provision for uncollectable promises to give	484,600	486,287
Unrealized net gain on investments	(200,018)	(117,529)
Net realized (gain) loss on sale of investments	(15,081)	9,106
Increase in unconditional promises to give	(930,429)	(261,965)
(Increase) decrease in other receivables	4,574	(25,446)
(Increase) decrease in prepaid expenses	(2,584)	5,872
Increase (decrease) in accounts payable and accrued expenses	(11,369)	21,371
Decrease in accrued pension benefit obligation	-	(600,000)
Decrease in allocations payable to agencies	(229,321)	(157,591)
Increase in specific care designations payable	17,162	18,195
Increase (decrease) in deferred revenue	(7,500)	10,000
Increase (decrease) in other liabilities	(128,344)	146,584
Net cash provided by operating activities	<u>70,041</u>	<u>424,408</u>
Cash flows from investing activities:		
Net (purchases) redemption of certificates of deposit	265,421	760,516
Purchase of investments	(170,095)	(251,274)
Proceeds from sale of investments	214,302	264,796
Purchase of equipment	(71,071)	(19,616)
Net cash provided by investing activities	<u>238,557</u>	<u>754,422</u>
Increase in cash and cash equivalents	308,598	1,178,830
Cash and cash equivalents at beginning of year	<u>1,868,808</u>	<u>689,978</u>
Cash and cash equivalents at end of year	<u>\$2,177,406</u>	<u>1,868,808</u>
Supplemental disclosure of cash flow information:		
Purchase of equipment included in payables	<u>\$ 100,000</u>	<u>-</u>

See accompanying notes to financial statements.

UNITED WAY OF THE QUAD CITIES AREA

Notes to Financial Statements

June 30, 2011 and 2010

(1) Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization

United Way of the Quad Cities Area (United Way QCA or the Organization) improves lives by supporting immediate needs and creating long-lasting changes to address the root causes of problems by focusing on Education, Income and Health. These are the building blocks for a good life--a quality education that leads to a stable job and enough income to support a family through retirement and good health.

United Way QCA is autonomous and is governed by a Board of Directors comprised of local volunteers from a broad cross-section of our community, and participates in a national trade association, United Way Worldwide.

The following program and supporting services of United Way QCA are included in the accompanying financial statements:

Resource Development and Major Gifts

Efficiently and effectively raise the maximum amount of funds from employees, businesses, individuals, grants, labor members and foundations to improve the quality of life for individuals and families in the Quad Cities area. In addition, United Way QCA is building an Endowment to help guarantee quality of life in our community into the future.

Community Investment

United Way QCA works hard to ensure Community Care contributions are invested in several targeted priorities to make the maximum impact possible in the Quad Cities area. Allocable Community Care funds are distributed through a volunteer review process, whereby local volunteers assess programs and recommend fund allocations to the United Way QCA Executive Board of Directors. In the Quad Cities, approximately 150 volunteers are involved in this important process. The Board of Directors also invests Community Care funds in the United Way QCA operations and United Way QCA Initiatives such as 2-1-1, the Community Partnership Grant Fund and Community Impact activities.

Community Impact

Create long-lasting changes that prevent problems from happening in the first place by leading a Birth-To-Work community agenda to prepare all youth for success in school and in life. By focusing resources and the community on young people, we stand to make the greatest impact possible. United Way QCA works with volunteers and other partners to develop and support initiatives to achieve greater community impact.

Achieve Quad Cities

United Way QCA has partnered with area businesses, nonprofits, and education leaders to coordinate Achieve Quad Cities, an alliance working to increase and improve opportunities for all Quad Cities youth to be successful in school, in a career and in life.

UNITED WAY OF THE QUAD CITIES AREA

Notes to Financial Statements

(1) Nature of Organization and Summary of Significant Accounting Policies, continued

Nature of Organization, continued

Imagination Library

Through Imagination Library, all children from birth to age five in Scott and Rock Island counties are eligible to receive free, age-appropriate books mailed to their homes each month.

Operation Read

Volunteers visit the selected after school sites each week and share books with elementary school students as well as engage the students in fun activities related to the book.

Pohlmann Program For Young Readers

Provides free age-appropriate books to children participating in the backpack program through the River Bend Food Bank.

Free Tax Preparation

A service provided to the community members in order to ensure these individuals that meet the requirement for Earned Income Tax Credit benefit from the program and the dollars are brought back to the community.

Labor

The mission of the Community Services Liaison is to develop support and active participation of labor in United Way QCA activities such as Resource Development, Community Investment and Community Impact.

Finance

Responsible for overseeing financial matters within United Way QCA. Finance committee volunteers monitor United Way QCA's financial activities. Audit committee volunteers monitor the United Way QCA annual audit.

Accounting Service Bureau

An administration and accounting service offered by United Way QCA to the Illowa Bi-State Combined Federal Campaign.

Information Technology for Management and Programs

Responsible for maintaining, maximizing usage, and enhancing the use of technology at United Way QCA, among our Agency Partners and with our constituents as volunteers and contributors.

Marketing and Brand Strategy

Responsible for providing year-round information through a variety of mediums and vehicles to the general public and target constituents about United Way QCA activities, investments and achievements.

UNITED WAY OF THE QUAD CITIES AREA

Notes to Financial Statements

(1) Nature of Organization and Summary of Significant Accounting Policies, continued

Nature of Organization, continued

2-1-1

A free and confidential, information and referral service of the United Way QCA. By simply dialing 211, callers can speak with a live information specialist who listens to their needs, assesses their situation, and helps them make the most informed decisions about their next steps.

Administration

Responsible for overseeing all aspects of operations. This includes those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Organization.

Summary of Significant Accounting Policies

(a) Basis of Presentation

Revenues are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets are those that are not subject to donor-imposed stipulations.

Temporarily Restricted net assets are those that are subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently Restricted net assets are those that are subject to donor-imposed restrictions that will never lapse, thus requiring the assets to be maintained permanently as endowments. Generally, the donors of these assets permit the Organization to use all or part of the income from these assets. United Way of the Quad Cities Area has no permanently restricted net assets.

The Organization evaluated subsequent events through August 4, 2011 which is the date the financial statements were available to be issued.

(b) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and amounts available in checking and savings accounts. Approximately \$18,200 and \$146,600 at June 30, 2011 and 2010, respectively, are related to funds held for third parties.

For purposes of reporting cash flows, the Organization includes all cash accounts which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

UNITED WAY OF THE QUAD CITIES AREA

Notes to Financial Statements

(1) Nature of Organization and Summary of Significant Accounting Policies, continued

Summary of Significant Accounting Policies, continued

(d) Investments

Investments in equity securities, debt securities and mutual funds are stated at fair market value as determined by quoted market prices with unrealized gains and losses included in the statement of activities. Certificates of deposit are valued based on original cost plus accrued interest. Gains and losses on sales of investments are determined by the specific-identification method. Realized and unrealized gains and losses in investments, interest and dividends are reported as increases and decreases in unrestricted net assets unless the income is restricted by donor or law.

(e) Property and Equipment

Property and equipment is stated at cost. Depreciation is computed by the straight-line method over the estimated useful lives which range from three to ten years. Depreciation expense amounted to \$44,959 in 2011 and \$27,292 in 2010.

The Organization's policy is to capitalize assets in excess of \$1,000.

(f) Support and Expenses

Contributions received and unconditional promises to give are recognized as revenue in the period the contributions or the unconditional promise is received. Unconditional promises to give are stated net of an allowance for estimated uncollectible promises based on historical experience and other factors. The Organization reports gifts of cash or other assets as restricted support if the contribution is received with donor restrictions that limit the use of the donated assets or if they are designed as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction or event occurs, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions of assets other than cash are recorded at their fair values at the date of the gift, except that contributions of works of art, historical treasures and similar assets held as part of the collections are not recognized or capitalized.

Expenses are recorded when incurred in accordance with the accrual basis of accounting. Revenues, support and expenses are allocated directly to the programs to which they relate.

(g) Donated Goods and Services

An appreciable number of volunteers have donated significant amounts of their time. All non-cash donated goods and services that meet the criteria for recognition are reflected at their estimated fair market values at the date of receipt. Non-cash donated goods and services amounted to \$225,633 and \$273,658 for the years ended June 30, 2011 and 2010, respectively.

(h) Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Certain costs have been allocated between program and supporting services classifications on the basis of time records, actual expenses and/or estimates made by the Organization's management.

UNITED WAY OF THE QUAD CITIES AREA

Notes to Financial Statements

(1) **Nature of Organization and Summary of Significant Accounting Policies, continued**

Summary of Significant Accounting Policies, continued

(i) **Income Tax Status**

United Way of the Quad Cities Area, a nonprofit organization, qualifies for tax-exempt status under Section 501(c)(3) of the U.S. Internal Revenue Code and comparable state law. The Organization has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the code.

The Organization evaluates the tax benefits of a tax position using the “more likely than not” threshold. As of June 30, 2011, management is not aware of any uncertain tax positions and related tax benefits which would be material to the Organization’s financial statements. The Organization files a U.S. Federal information return which for years subsequent to 2007 is subject to examination by taxing authorities.

(2) **Concentrations of Credit Risk**

The Organization maintains its cash balances in local financial institutions. These deposits may, at times, exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Association (NCUA) of up to \$250,000 per financial institution. At June 30, 2011, cash and certificates of deposit balances exceeded insured amounts by approximately \$1,146,000. Management believes that the credit risk related to these deposits is minimal.

(3) **Unconditional Promises to Give**

A summary of unconditional promises to give as of June 30, 2011 and 2010 is as follows:

	<u>2011</u>	<u>2010</u>
<u>Campaign</u>		
Receivables due in less than one year	\$3,521,899	3,605,919
Allowance for uncollectable promises to give	<u>(530,307)</u>	<u>(671,985)</u>
Net unconditional campaign promises to give	<u>\$2,991,592</u>	<u>2,933,934</u>
 <u>Other</u>		
Receivables due in less than one year	<u>\$ 540,813</u>	<u>152,642</u>

(4) **Investments – Endowment**

Investments consist of the following at June 30, 2011 and 2010:

	<u>2011</u>			
	<u>Cost Basis</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized (Losses)</u>	<u>Market Value</u>
Cash and cash equivalents	\$ 85,717	-	-	85,717
Certificates of deposit	100,000	-	(22)	99,978
Mutual funds	846,015	101,181	(7,645)	939,551
Pooled separate accounts	<u>186,931</u>	<u>14,165</u>	-	<u>201,096</u>
	<u>\$1,218,663</u>	<u>115,346</u>	<u>(7,667)</u>	<u>1,326,342</u>

UNITED WAY OF THE QUAD CITIES AREA

Notes to Financial Statements

(4) Investments – Endowment, continued

	2010			
	<u>Cost Basis</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized (Losses)</u>	<u>Market Value</u>
Cash and cash equivalents	\$ 144,299	-	-	144,299
Certificates of deposit	50,000	90	-	50,090
Mutual funds	864,515	14,841	(87,941)	791,415
Pooled separate accounts	<u>188,975</u>	<u>1,568</u>	<u>(20,897)</u>	<u>169,646</u>
	<u>\$1,247,789</u>	<u>16,499</u>	<u>(108,838)</u>	<u>1,155,450</u>

The investments of the Organization are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

(5) Fair Value Measurements

The fair values of certificates of deposits and investments consist of the following as of June 30, 2011 and 2010:

	<u>Fair Value</u>	<u>Fair Value Measurements Using:</u>	
		<u>Quoted Prices in Active Markets For Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
<u>June 30, 2011</u>			
Certificates of deposit	<u>\$2,414,367</u>	<u>-</u>	<u>2,414,367</u>
Investments:			
Cash and cash equivalents	\$ 85,717	85,717	-
Certificates of deposit	99,978	-	99,978
Mutual funds	939,551	939,551	-
Pooled separate accounts	<u>201,096</u>	<u>-</u>	<u>201,096</u>
	<u>\$1,326,342</u>	<u>1,025,268</u>	<u>301,074</u>
<u>June 30, 2010</u>			
Certificates of deposit	<u>\$2,679,788</u>	<u>-</u>	<u>2,679,788</u>
Investments:			
Cash and cash equivalents	\$ 144,299	144,299	-
Certificates of deposit	50,090	-	50,090
Mutual funds	791,415	791,415	-
Pooled separate accounts	<u>169,646</u>	<u>-</u>	<u>169,646</u>
	<u>\$1,155,450</u>	<u>935,714</u>	<u>219,736</u>

FASB ASC 820 *Fair Value Measurements* establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have highest priority, Level 2 inputs consist of quoted prices in active markets of similar assets for assets in non-active markets and Level 3 inputs consist of other valuation techniques which have the lowest priority. The Organization uses appropriate valuation techniques based on the availability inputs to measure the fair value of its investments.

UNITED WAY OF THE QUAD CITIES AREA

Notes to Financial Statements

(5) Fair Value Measurements, continued

Level 1 Measurements

The fair value of investments in cash and cash equivalent accounts and mutual funds are based on quoted market prices in active markets.

Level 2 Measurements

The fair value of the certificates of deposit is based on original cost plus accrued interest. The certificates of deposit have relatively short durations and are fully insured by the Federal Deposit Insurance Corporation. Although the certificates of deposit are not actively traded, certain observable inputs are available which the Organization considered in determining fair value.

The pooled separate accounts are maintained by the Community Foundation of the Great River Bend and the Moline Foundation in which the underlying assets of the accounts are publically traded investments with quoted market prices. Thus, the fair value of the Organization's investment is based on the quoted market prices of the investments within the pooled separate accounts.

(6) Endowment Funds

The Organization's investment funds consist of several individual funds established for a variety of purposes; however, all of these funds are considered unrestricted as they were made subject to the Organization's bylaws which give the Organization's Board of Directors variance power over spending of the funds which includes the ability to spend principal. The Organization's portfolio includes donor-restricted funds and unrestricted funds. The Board of Directors of the Organization has interpreted that the Organization is not subject to the State of Iowa Uniform Prudent Management of Institutional Funds Act since the Organization's bylaws provide for variance power including spending from principal. The Organization has no permanently restricted net assets.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. The Organization's endowment funds are invested in various types of investments as described in note 4 and are subject to its investment policy. The Organization's investments are at a moderate level of risk with a diversification of assets within the parameters of its investment policy. The Organization's spending policy of funds is based on a calculation of 5.0% of the balance of the fund for the prior fiscal year end.

The composition of net assets relating to endowment funds as of June 30, 2011 and 2010 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>June 30, 2011:</u>			
Donor-restricted	\$ -	167,190	167,190
Board designated	<u>1,159,152</u>	<u>-</u>	<u>1,159,152</u>
Total	<u>\$1,159,152</u>	<u>167,190</u>	<u>1,326,342</u>
 <u>June 30, 2010:</u>			
Donor-restricted	\$ -	141,584	141,584
Board restricted	<u>1,013,866</u>	<u>-</u>	<u>1,013,866</u>
Total	<u>\$1,013,866</u>	<u>141,584</u>	<u>1,155,450</u>

UNITED WAY OF THE QUAD CITIES AREA

Notes to Financial Statements

(7) Allocations Payable to Agencies

Community investment volunteers meet every two years to make investment decisions regarding health and human service programs within Scott and Rock Island counties. The recipients are notified of the allocation, which is payable in the following fiscal year. The recipients receive the same percentage of allocable dollars in the second year of the investment cycle.

(8) Specific Care Designations Payable

A donor may designate their pledge to a particular 501(c) (3) health and human service agency with a local presence or to another United Way. United Way QCA has no discretion over these pledges and therefore they are not included in public support in the statement of activities.

(9) Retirement Plans

Effective July 1, 2008, the Organization started a defined contribution pension plan under IRS Code Section 403(b), covering all employees who meet the eligibility requirements. The Organization's contributions are discretionary as determined by the Board of Directors. Participants are immediately vested in their contributions and fully vested in employer contribution after five years of service. The Organization's contributions for the years ending June 30, 2011 and 2010 were \$92,424 and \$95,536, respectively.

Prior to July 1, 2008, the Organization maintained a noncontributory defined benefit plan which covered all eligible employees. Plan benefits under this plan are based on years of service and employee's compensation. In December 2007, the Organization amended the plan to freeze benefit accruals as of June 30, 2008 and terminate the plan. The Organization filed the appropriate notices with the Pension Benefit Guaranty Corporation (PBGC) for approval to terminate the plan. As of June 30, 2008, the projected benefit obligations under the plan exceeded the fair value of plan assets by \$600,000. The Organization is required to fund any deficiency in plan assets upon termination and accordingly recognized an expense and an accrued pension liability of \$600,000 in the 2009 financial statements. During 2010, the Organization received approval from the PBGC to terminate the plan and final distributions from the plan were made to participants in March 2010. The actual deficiency in plan assets upon termination was \$448,276 which the Organization funded during March 2010. The remaining overaccrual of the estimated pension liability of \$148,524 was reflected as a pension benefit in the 2010 financial statements.

(10) Unrestricted Net Assets – Board Designated

A summary of the net assets designated by the board of directors for specific purposes at June 30, 2011 and 2010 is as follows:

	<u>2011</u>	<u>2010</u>
Community Solutions Fund	\$ 166,605	180,667
Endowment Fund	944,613	792,902
Endowment Interest for Community Impact	47,934	40,297
Community Partnership Grant Fund	<u>89,406</u>	<u>117,373</u>
Total	<u>\$1,248,558</u>	<u>1,131,239</u>

Community Solutions Fund

The Board of Directors created this fund in 2005 from the net assets. These funds are currently being used to implement the work of the strategic plan to promote the areas of education, income and health. Funding sources have included specific board directed investments, Birth to Work fund distributions and Endowment Interest for Community Impact allocations.

UNITED WAY OF THE QUAD CITIES AREA

Notes to Financial Statements

(10) Unrestricted Net Assets – Board Designated, continued

Endowment Fund

The Board of Directors has designated an endowment fund, called the United Way Foundation, to develop sustaining financial strength of the Organization. In fiscal year 2006, the Board of Directors passed a policy to use the endowment fund interest, less fees, for Community Impact.

Community Partnership Grant Fund

Each year during the allocation process, the Board sets aside a portion of net assets as available for agencies in need of emergency funding or requiring technical assistance, local training or other resources to increase the level of collaboration in the Quad Cities health and human services system. An application is completed by the agency and the Board decides whether to approve the emergency grant request.

(11) Temporarily Restricted Net Assets

A summary of temporarily restricted net assets as of June 30, 2011 and 2010 is as follows:

<u>Operations</u>	<u>2011</u>	<u>2010</u>
Promises to Give for Future Campaign	\$1,060,133	974,291
QC Times Wish List contribution	3,697	2,462
Earned income tax credit	7,033	3,602
Achieve Quad Cities	144,559	65,607
Women’s Leadership Initiative	579,140	40,000
Economic Downturn Grants - Employee Assistance	82,550	239,088
Student United Way/10KQC	5,481	10,155
Flood relief	-	23,042
Pohlmann Project	46,649	12,904
Birth to Work Fund	-	296,609
Loaned Executive Sponsorships	8,659	5,489
Imagination Library	600,616	246,524
40 Developmental Assets	12,109	12,109
Operation Read	24,117	4,416
Promise Neighborhoods	13,070	-
Vitality Scan	<u>18,663</u>	<u>11,161</u>
Total temporarily restricted net assets	<u>\$2,606,476</u>	<u>1,947,459</u>
 <u>Endowment</u>		
Board Governance – training	\$101,508	92,293
Senior citizens	32,776	24,018
Imagination Library	<u>32,906</u>	<u>25,273</u>
Total	<u>\$167,190</u>	<u>141,584</u>

UNITED WAY OF THE QUAD CITIES AREA

Notes to Financial Statements

(12) Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of time or other events specified by donors during the years ended June 30, 2011 and 2010 as follows:

	<u>2011</u>	<u>2010</u>
Purpose restrictions accomplished:		
Wish List	\$ 2,462	4,457
Pohlmann Project	12,904	12,915
Flood Relief	23,042	48,095
Birth to Work	296,609	331,039
Vitality Scan	11,161	7,000
Student United Way/10KQC	10,155	20,230
Earned income tax credit	3,602	15,599
Operation Read	4,416	5,227
Achieve Quad Cities	65,607	30,490
Loaned Executive Sponsorships	5,489	1,809
Women's Leadership Initiative	40,000	-
Ergonomic downturn – employee assistance	114,088	-
Ergonomic downturn - grants	125,000	-
Imagination Library	246,524	125,721
40 developmental assets	12,109	12,109
Time restrictions expired:		
Promises to give for future campaign	974,291	914,055
Promises to give for current campaign	<u>4,708,697</u>	<u>4,987,716</u>
Net assets released from restrictions	<u>\$6,656,156</u>	<u>6,516,462</u>

(13) Lease Commitment and Total Rental Expense

The Organization leases its office facilities under a non-cancelable long-term operating lease agreement which requires monthly lease payments through June 30, 2016. In addition to the monthly lease payments, additional rent is paid towards expenses for common area maintenance, which is adjusted annually.

Rent expense, including common area maintenance, amounted to \$121,221 and \$110,516 for the years ended June 30, 2011 and 2010, respectively. Future minimum lease payments as of June 30, 2011 are as follows:

<u>Year Ending June 30,</u>	
2012	\$ 44,000
2013	44,000
2014	44,000
2015	44,000
2016	<u>44,000</u>
	<u>\$220,000</u>

UNITED WAY OF THE QUAD CITIES AREA

Notes to Financial Statements

(14) In-Kind Revenue/Expenses

Recorded in the financial statements for June 30, 2011 and 2010, are the following in-kind categories:

	<u>2011</u>	<u>2010</u>
Revenue:		
In-kind	<u>\$225,633</u>	<u>273,658</u>
Total revenue	<u>\$225,633</u>	<u>273,658</u>
 Functional expenses:		
Program services	4,180	9,300
Fundraising	21,971	133,514
Administrative	<u>199,482</u>	<u>130,844</u>
Total functional expenses	<u>\$225,633</u>	<u>273,658</u>

(15) Annual Campaign

The 2011 and 2010 United Way Campaigns raised \$10,652,163 and \$9,648,866, respectively. These amounts are reduced by the provision for uncollectable contributions, specific care designations and the Combined Federal Campaign to arrive at the net annual campaign amounts of \$5,701,713 in 2011 and \$5,773,365 in 2010 which are reported on the statements of activities.

(16) New Accounting Pronouncements

In January, 2010, the Financial Accounting Standards Board (FASB) issued ASU No. 2010-06 "Improving Disclosures about Fair Value Measurements," an amendment to ASC Topic 820 "Fair Value Measurements and Disclosures." The amendment expands disclosure requirements about fair value measurements, but does not require any new fair value measurements. ASU No. 2010-06 will become effective in the Organization's 2012 financial statements. Management believes the effect that adoption of ASU No. 2010-06 will not have a material impact on the Organization's financial position or result of operation.

In July, 2010, the Financial Accounting Standards Board (FASB) issued ASU No. 2010-20 "Receivables." The pronouncement enhances disclosures about the credit quality of financing receivables and the allowance for credit losses. The pronouncement also requires disclosures regarding credit quality indicators, past due information and modifications of its financing receivables. ASU 2010-20 will become effective in the Organization's 2012 financial statements. Management believes the adoption of ASU No. 2010-20 will not have a material impact on the Organization's financial position or changes in net assets.