

UNITED WAY OF SALT LAKE

FINANCIAL STATEMENTS

Year Ended June 30, 2013
With Summarized Comparative Information
for the Year Ended June 30, 2012



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of United Way of Salt Lake

We have audited the accompanying financial statements of United Way of Salt Lake (a Utah nonprofit organization), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

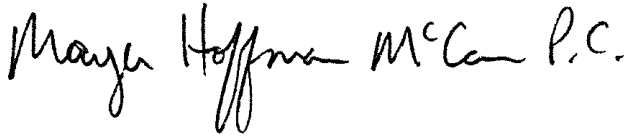
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Salt Lake as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the United Way of Salt Lake's 2012 financial statements, and our report dated October 11, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Mayer Hoffman McCann P.C." in a cursive, flowing script.

Mayer Hoffman McCann P.C.
Salt Lake City, Utah
October 10, 2013

UNITED WAY OF SALT LAKE

STATEMENTS OF FINANCIAL POSITION

June 30, 2013 and 2012

	2013	2012
<u>ASSETS</u>		
Cash and cash equivalents	\$ 3,754,462	\$ 5,274,799
Contributions receivable, net	13,783,853	5,988,053
Prepaid expenses	20,661	13,354
Property and equipment, net	149,210	159,467
Investments	10,567,774	6,579,178
Other assets	120,899	176,980
Beneficial interests in charitable trusts	71,385	65,812
TOTAL ASSETS	\$ 28,468,244	\$ 18,257,643
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable and accrued expenses	\$ 276,130	\$ 194,088
Due to partners	1,304,297	5,052,631
Due to other United Ways	374,173	556,882
Other liabilities	218,752	217,230
TOTAL LIABILITIES	2,173,352	6,020,831
NET ASSETS		
Unrestricted		
Undesignated	8,899,492	3,876,023
Board designated	776,262	715,705
Temporarily restricted	16,497,706	7,529,116
Permanently restricted	121,432	115,968
TOTAL NET ASSETS	26,294,892	12,236,812
TOTAL LIABILITIES AND NET ASSETS	\$ 28,468,244	\$ 18,257,643

See Notes to Financial Statements

UNITED WAY OF SALT LAKE

STATEMENT OF ACTIVITIES

Year Ended June 30, 2013 with Summarized Comparative Totals for 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals 2013</u>	<u>Summarized Comparative Totals 2012</u>
SUPPORT, REVENUE, AND GAINS					
Campaign contributions for 2013 and 2012:					
Contributions made in 2013 and 2012	\$ 7,462,839	\$ 341,552	\$ -	\$ 7,804,391	\$ 7,735,798
Cornerstone Partners contributions	51,723	2,021,872	-	2,073,595	1,837,907
Less donor designations	(2,123,149)	-	-	(2,123,149)	(2,106,887)
Campaign 2013 and 2012 results	<u>5,391,413</u>	<u>2,363,424</u>	<u>-</u>	<u>7,754,837</u>	<u>7,466,818</u>
Campaign 2014 contributions:					
Contributions made in 2013	-	876	-	876	-
Less donor designations	-	-	-	-	-
Campaign 2014 results	<u>-</u>	<u>876</u>	<u>-</u>	<u>876</u>	<u>-</u>
Campaign 2013 contributions:					
Contributions made in 2012	-	-	-	-	250,620
Less donor designations	-	-	-	-	(250,000)
Campaign 2012 results	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>620</u>
Changing the Odds contributions	-	10,579,271	-	10,579,271	4,042,532
Community impact initiative contributions	560,555	340,387	-	900,942	1,074,627
Sponsorships	158,162	304,500	-	462,662	520,697
Other contributions	21,565	-	-	21,565	29,408
In-kind contributions	589,591	-	-	589,591	474,569
Return on investments	180,086	35,056	-	215,142	48,686
Increase (decrease) in interests in charitable trusts	-	109	5,464	5,573	(7,530)
Miscellaneous income	63,997	-	-	63,997	65,754
	<u>1,573,956</u>	<u>11,259,323</u>	<u>5,464</u>	<u>12,838,743</u>	<u>6,248,743</u>
TOTAL SUPPORT, REVENUE, AND GAINS	6,965,369	13,623,623	5,464	20,594,456	13,716,181
NET ASSETS RELEASED FROM RESTRICTIONS	4,655,033	(4,655,033)	-	-	-
TOTAL SUPPORT, REVENUE, GAINS, AND NET ASSETS RELEASED FROM RESTRICTIONS	\$ 11,620,402	\$ 8,968,590	\$ 5,464	\$ 20,594,456	\$ 13,716,181

See Notes to Financial Statements

UNITED WAY OF SALT LAKE

STATEMENT OF ACTIVITIES – CONTINUED

Year Ended June 30, 2013 with Summarized Comparative Totals for 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals 2013</u>	<u>Summarized Comparative Totals 2012</u>
EXPENSES					
Program Services					
Gross funds awarded/distributed	\$ 5,712,784	\$ -	\$ -	\$ 5,712,784	\$ 8,471,723
Less donor designations	<u>(2,123,149)</u>	-	-	<u>(2,123,149)</u>	<u>(2,106,887)</u>
Total Program Services	3,589,635	-	-	3,589,635	6,364,836
Supporting Services	<u>2,501,741</u>	-	-	<u>2,501,741</u>	<u>2,413,181</u>
TOTAL EXPENSES	6,091,376	-	-	6,091,376	8,778,017
LOSS ON UNCOLLECTIBLE CONTRIBUTIONS					
	(445,000)	-	-	(445,000)	(395,000)
LOSS ON SALE OR DISPOSAL OF ASSETS					
	-	-	-	-	(22,459)
PENSION-RELATED CHANGES OTHER THAN NET PERIODIC PENSION COST					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(143,576)</u>
CHANGE IN NET ASSETS	5,084,026	8,968,590	5,464	14,058,080	4,377,129
NET ASSETS, BEGINNING OF YEAR	<u>4,591,728</u>	<u>7,529,116</u>	<u>115,968</u>	<u>12,236,812</u>	<u>7,859,683</u>
NET ASSETS, END OF YEAR	<u><u>\$ 9,675,754</u></u>	<u><u>\$ 16,497,706</u></u>	<u><u>\$ 121,432</u></u>	<u><u>\$ 26,294,892</u></u>	<u><u>\$ 12,236,812</u></u>

See Notes to Financial Statements

UNITED WAY OF SALT LAKE

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2013 with Summarized Comparative Totals for 2012

	<u>SUPPORTING SERVICES</u>				Totals 2013	Summarized Comparative Totals 2012
	Total Program Services	Management and General	Resource Development	Total Supporting Services		
Salaries and related expenses	\$ 1,691,600	\$ 316,601	\$ 957,303	\$ 1,273,904	\$ 2,965,504	\$ 2,505,336
Advertising	100,049	-	102,214	102,214	202,263	180,661
Occupancy and parking	129,097	16,311	55,980	72,291	201,388	343,855
Events	95,628	3,029	246,852	249,881	345,509	255,697
United Way Worldwide dues	53,845	9,805	34,748	44,553	98,398	100,339
Depreciation	49,180	6,922	22,823	29,745	78,925	86,260
Postage	2,703	569	10,205	10,774	13,477	10,797
Direct and digital marketing	3	-	37,822	37,822	37,825	4,393
Research	65,538	-	-	-	65,538	18,800
Printing and visual media	85,328	8,724	69,758	78,482	163,810	163,622
IT outsourcing	24,505	4,419	25,898	30,317	54,822	54,600
Telephone	59,780	2,345	19,467	21,812	81,592	74,912
Professional services	7,500	34,773	4,990	39,763	47,263	35,664
Public education	-	-	-	-	-	15,726
Consultant fees	107,458	15	79,490	79,505	186,963	162,923
Bank fees	326	6,891	804	7,695	8,021	9,011
Trainings and conferences	55,960	3,829	17,511	21,340	77,300	74,749
Local meetings	17,601	766	13,217	13,983	31,584	32,359
Memberships and subscriptions	6,046	1,156	3,987	5,143	11,189	5,680
Awards and gifts	8,080	3,035	6,814	9,849	17,929	9,240
Repairs and maintenance	232	53	205	258	490	1,471
Electronic pledge fees	107	116	6,065	6,181	6,288	6,798
Miscellaneous expenses	5,342	479	2,308	2,787	8,129	25,688
Insurance	16,411	3,075	20,025	23,100	39,511	31,688
Software support	73,993	2,556	11,915	14,471	88,464	55,160
Local transportation	11,568	836	9,285	10,121	21,689	13,764
Supplies	19,640	3,910	11,466	15,376	35,016	24,173
Grants to community partners	612,899	-	-	-	612,899	4,000,616
In-kind goods and services	289,216	315	300,059	300,374	589,590	474,035
Totals	\$ 3,589,635	\$ 430,530	\$ 2,071,211	\$ 2,501,741	\$ 6,091,376	\$ 8,778,017

See Notes to Financial Statements

UNITED WAY OF SALT LAKE

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 14,058,080	\$ 4,377,129
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Change in fair value of beneficial interests in charitable trusts	(5,573)	7,530
Depreciation	78,925	86,260
Loss on uncollectible contributions	445,000	395,000
Change in discount on contributions receivable	298,580	57,468
Donated securities	(55,391)	(298,766)
Loss on sale or disposal of assets	-	22,459
Unrealized (gain) loss on investments	(137,014)	13,034
Realized (gain) loss on sale of investments	8,496	(504)
Decrease (increase) in operating assets:		
Contributions receivable	(8,539,380)	(2,252,447)
Prepaid expenses	(7,307)	(5,698)
Other assets	56,081	(67,957)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	82,042	27,699
Due to partners	(3,748,334)	(14,015)
Due to other United Ways	(182,709)	81,553
Other liabilities	1,522	(240,674)
 NET CASH FLOWS FROM OPERATING ACTIVITIES	 2,353,018	 2,188,071
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(4,243,250)	(2,445,020)
Proceeds from sale of investments	438,563	2,908,353
Purchase of property and equipment	(68,668)	(81,370)
Proceeds from sale of property and equipment	-	2,300
 NET CASH FLOWS FROM INVESTING ACTIVITIES	 (3,873,355)	 384,263
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 (1,520,337)	 2,572,334
 CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	 5,274,799	 2,702,465
 CASH AND CASH EQUIVALENTS, END OF YEAR	 \$ 3,754,462	 \$ 5,274,799
 SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
 In-kind contributions:		
Securities	\$ 55,391	\$ 298,766

See Notes to Financial Statements

UNITED WAY OF SALT LAKE

NOTES TO FINANCIAL STATEMENTS

(1) Summary of significant accounting policies

Nature of operations – United Way of Salt Lake (“UWSL”) is a nonprofit organization, incorporated in the state of Utah, governed by a volunteer Board of Directors that is comprised of business and community leaders. Board members are nominated from the community by a Nominating Committee comprised of at least five members of the Board of Directors. The stated mission of UWSL is “to improve lives and build strong communities by uniting individuals and organizations with the will, passion, expertise, and resources needed to solve problems”. UWSL promises to create opportunities in the community so that all children and families, regardless of their circumstances, have the same chances to succeed in school and in life. UWSL envisions a community where all individuals and families achieve their potential through education, income stability and healthy lives; where all children receive a quality education that offers a pathway to a brighter tomorrow; where the cycle of poverty and financial dependence ends and more productive lives begin and where everyone receives effective health care that improves their quality of life.

Comprehensive research is conducted regularly on behalf of UWSL by independent researchers. For the past ten years, this research has identified issues related to education, income and health as the primary challenges which people face that are barriers to their success. As a result, UWSL focuses its work in these areas. The research has also identified people’s most basic needs to be food, shelter, health and safety.

To most effectively address these complex issues, UWSL focuses its work in 17 Neighborhood Centers, located in six different neighborhoods within its service area where challenges are the greatest. These Neighborhood Centers are hubs of the communities they serve. Working with dozens of community partners, programs and services are focused primarily on education but also work with families to improve their income stability and their health. In addition, UWSL provides grants to community partners that provide basic needs services of food, shelter, health and safety. UWSL advocates at all levels of government on a public policy agenda that is tied to its areas of focus – education, income, health, and basic needs.

UWSL also raises and distributes resources to more than 200 additional nonprofit organizations at the specific request of its donors.

In January 2012, UWSL launched a significant major gifts campaign, Changing the Odds, with the goal of strengthening UWSL’s cradle-to-career pipeline in the neighborhoods where its work is focused. These resources will ensure partnerships with businesses, schools, cities, and the community’s most visionary philanthropists, will change the odds for children, their families, and entire communities—today, and for generations to come. Investors in the Changing the Odds campaign participate as members of UWSL’s Changing the Odds Founding Council (the “Council”). The Council ensures investors stay informed and engaged in the progress of this transformative collective impact approach to solving our communities’ most serious social problems.

UNITED WAY OF SALT LAKE

NOTES TO FINANCIAL STATEMENTS

(1) Summary of significant accounting policies (continued)

Basis of presentation – The financial statements are presented in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*. Under FASB ASC 958-205, UWSL is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Unrestricted net assets are those whose use by UWSL can be for any purpose to support UWSL. Temporarily restricted net assets are those whose use by UWSL has been limited by donors to a specific time period, purpose, or both. Although temporarily restricted net assets are typically reported as support that increases restricted net assets, they are reported as unrestricted net assets if the restrictions are met in the same reporting period. Permanently restricted net assets have been restricted by donors to be maintained by UWSL in perpetuity.

Prior year summarized comparative information – The financial statements and certain notes include certain prior year summarized comparative information in total. Such information does not always include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Accordingly, such information should be read in conjunction with UWSL’s financial statements for the year ended June 30, 2012, from which the summarized comparative information was derived.

Reclassifications – Certain balances for the year ended June 30, 2012 have been reclassified to make them consistent with the current year presentation. The reclassifications had no effect on the change in net assets for 2012.

Use of estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

Cash and cash equivalents – UWSL considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

Contributions receivable – Contributions receivable that are to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected in future years are initially recorded at the fair value of their estimated future cash flows as of the date of the promise to give through the use of a present value discount technique. In periods subsequent to initial recognition, contributions receivable are reported at the amount management expects to collect and are discounted over the collection period using the same discount rate as determined at the time of initial recognition. The discount rate determined at the initial recognition of the contribution receivable is based upon management’s assessment of many factors, including when the receivable is expected to be collected, the creditworthiness of the other parties, UWSL’s past collection experience and its policies concerning the enforcement of contributions receivable, expectations about possible variations in the amount or timing, or both, of the cash flows, and other factors concerning the receivable’s collectability. Amortization of the discount is recorded as temporarily restricted contributions in the statement of activities.

UNITED WAY OF SALT LAKE

NOTES TO FINANCIAL STATEMENTS

(1) Summary of significant accounting policies (continued)

UWSL uses the allowance method to determine uncollectible contributions. The allowance is based on historical experience and management’s analysis of specific balances.

Property and equipment – Property and equipment are recorded on the basis of cost for items purchased or estimated fair market value at the date of gift for donated items. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. UWSL capitalizes property and equipment with a cost over \$500 and an estimated useful life of two years or more. Depreciation of property and equipment and amortization of leasehold improvements are computed using the straight-line method based on the shorter of the estimated useful lives or lease terms of the assets as follows:

<u>Assets</u>	<u>Estimated Useful Lives</u>
Furniture, fixtures, and equipment	3 - 10 years
Leasehold improvements	5 - 15 years
Computer equipment	2 - 7 years
Software	2 - 7 years
Vehicle	3 - 7 years
2-1-1 call center equipment	3 - 7 years

Long-lived assets – Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to net future undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. No impairment charges were recorded during the years ended June 30, 2013 and 2012.

Investments – UWSL records investments at fair value on the date of purchase or donation and recognizes the unrealized gain or loss resulting from the difference between cost and market value.

Agency transactions – UWSL, acting as an agent, receives cash contributions from individuals, small businesses, large corporations and other United Ways. These donations are transferred to the designated recipients based on the wishes of the donor.

Contributions – Contributions are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

UNITED WAY OF SALT LAKE

NOTES TO FINANCIAL STATEMENTS

(1) Summary of significant accounting policies (continued)

Amounts that are restricted for future periods or restricted for specific purposes are reported as temporarily restricted or permanently restricted support. When a donor-stipulated time restriction ends or a purpose restriction is accomplished, the restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions.

The temporary restrictions on assets as of June 30, 2013 and 2012, relate to the collections and pledges which are designated for allocation during future years, including Cornerstone Partners contributions, and other contributions which, at the direction of the donor, are to be used in specific programs and have not been expended at year end.

The permanent restrictions on assets as of June 30, 2013 and 2012, relate to UWSL's beneficial interests in charitable trusts and endowments.

Cornerstone Partners contributions – Contributions for UWSL's Cornerstone Partners program consist of agreements with various corporations and foundations that specifically designate their contributions to be utilized for supporting service expenses of UWSL in order for UWSL to ensure that almost all of each individual contribution received can go toward supporting programs and initiatives that benefit the community. The Cornerstone Partners support also allows UWSL to direct individual designations received to any qualified nonprofit organization, other local United Ways and UWSL initiatives, while deducting very little for administrative costs or processing fees. Additionally, unrestricted revenue from other sources, including administrative fees on non-Cornerstone Partners corporate gifts, sponsorships, investment revenue and other miscellaneous revenues are utilized for supporting service expenses.

In-kind contributions – Donated property, marketable securities and other noncash donations are recorded as contributions at their estimated fair value as of the date of donation.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by UWSL.

UWSL receives donated specialized consulting services, printing, radio, newspaper, and television advertising, prizes for special events, catering and other goods and services. In addition, many individuals have donated significant amounts of their time in organizational governance, program services and resource development efforts. No amounts have been reflected in the financial statements for these volunteer services since they did not meet the criteria for recognition.

UNITED WAY OF SALT LAKE

NOTES TO FINANCIAL STATEMENTS

(1) Summary of significant accounting policies (continued)

Functional expenses – UWSL follows guidelines established by United Way Worldwide’s “Functional Expenses and Overhead Reporting Standards” for allocating costs among functional expense categories. In general, where a specific cost can be identified with a particular function, the cost is charged directly to that function. If costs cannot be identified directly with specific functional categories, those costs are allocated among functional categories based upon project codes, the “full-time equivalent” and other accepted methods of cost allocation. The categories for reporting functional expenses are as follows:

Program services

Community/Collective impact – UWSL has adopted an innovative approach to community problem-solving called Collective Impact. Collective Impact requires that everyone works together, including foundations, businesses, cities, schools, state government, churches, nonprofits and individuals. UWSL’s focus is on advancing the education, income and health of its neighborhoods and communities to ensure every child succeeds, every step of the way, from cradle to career. Together with its many partners, UWSL works to create a vision and set goals, align programs, activities and strategies, measure success by tracking and sharing data, and create continuous communication and continuous improvement.

UWSL serves in the unique and critical role of bringing people and organizations together to “connect the dots”. UWSL is the “backbone”, ensuring that there is a pipeline of support for kids and their families from birth to career. The services are all integrated, creating a web of support for the entire family.

Through collaboration with many community partners, UWSL is focusing on a comprehensive set of strategies within its 17 Neighborhood Centers (“Centers”) to achieve six main goals: *Cradle to Kindergarten*: infants and toddlers demonstrate age-appropriate development and children enter kindergarten ready to learn; *Kids on Track*: students achieve on grade level in reading, math and science; *Destination Graduation and Beyond*: students graduate from high school, enroll in post-secondary education, and graduate or complete their program; *Earn It. Keep It. Save It.*: families gain the income and financial tools to thrive; *Healthy for Life*: children and families develop healthy behaviors and improve their overall health; *Basic Needs*: people’s most basic needs of food, shelter, health and safety are met.

Through UWSL’s Centers, which are located in some of the community’s most economically-challenged neighborhoods in Clearfield, Salt Lake City, South Salt Lake, Kearns, West Valley and Park City, parents receive adult education courses including employment readiness, financial management, language, and computer classes. Kids can get involved in academic and youth development activities, including after-school and tutoring, mentoring and reading programs, as well as physical activities, art and other enrichment opportunities. Centers also offer families on-site basic health screenings and preventative care.

UNITED WAY OF SALT LAKE

NOTES TO FINANCIAL STATEMENTS

(1) Summary of significant accounting policies (continued)

The model that UWSL has adopted has created Centers that are located within already existing facilities in schools, apartment complexes, and community centers, so that valuable and scarce resources go directly to programs and services, rather than to constructing buildings.

UWSL's work includes comprehensive research, which identifies problems that impact the quality of life in the communities it serves. It works as an integral partner with schools, cities, state government, businesses, churches and nonprofits to guide the vision and strategies, build public will, support aligned activities, establish shared measurement systems, mobilize funding, advance public policies and engage volunteers.

United Way 2-1-1 – UWSL has responsibility for the state's 2-1-1 Information and Referral System ("2-1-1"). It is a statewide service that is an easy-to-remember information and referral telephone number that people dial to get connected and get answers. 2-1-1 connects people to important health, human and community service programs, including: emergency food pantries, rental assistance, public health clinics, legal aid, and a variety of nonprofit and government agencies. Individuals, families and corporate and religious groups can dial 2-1-1 to get connected to meaningful volunteer opportunities. People can also access 2-1-1 services by going to the 2-1-1 website.

Supporting services

Management and general – Includes overall direction and administration of UWSL and ensures that UWSL is well-managed; is responsible for strategic planning and overall development of organization; develops and strengthens community relationships, including maintaining a strong and effective Board of Directors, has responsibility for all staff functions, including hiring, training, human resource management, and benefits administration; properly and accurately maintains general records; is responsible for fiscal management, including financial statements, audits, contributions and accounts receivable, accounts payable and in-kind contributions.

Resource development – Develops, implements and refines overarching resource development plan to secure resources necessary to support the organizational mission and business model. Researches, develops and implements new strategies and best practices to strengthen current resource development efforts. Grows revenue by broadening the base of support through innovation and development of new revenue streams. Cultivates and stewards relationships with current and prospective donors through personal contact, including phone calls, email, written correspondence and visits. Engages staff and the Board of Directors in the process to cultivate donors and secure revenue. Develops, implements and manages current and prospective donor cultivation and stewardship practices. Works with the Marketing Department to develop and produce all of the organizational materials such as brochures, pledge forms, posters, banners and other collateral materials including advertising, media coverage, special events, audio/visual materials, and all forms of social media. In cooperation with the Collective Impact Department, researches and writes foundation and governments grants to secure restricted revenue for specific projects to advance UWSL's work.

UNITED WAY OF SALT LAKE

NOTES TO FINANCIAL STATEMENTS

(1) Summary of significant accounting policies (continued)

Advertising costs – Advertising costs are expensed when incurred. Advertising expense was \$678,152 and \$543,905 for the years ended June 30, 2013 and 2012, respectively, out of which approximately \$474,000 and \$344,000 was donated advertising for the years ended June 30, 2013 and 2012, respectively.

Income taxes – UWSL is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Accordingly, no provision for income taxes has been reflected in UWSL's financial statements. UWSL evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts. UWSL does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits.

UWSL's policy is to record income tax penalties and interest expense in its financial statements. During the years ended June 30, 2013 and 2012, UWSL incurred no penalties and interest. UWSL's Federal Return of Organizations Exempt from Income Tax (Form 990) for 2010, 2011, and 2012 are subject to examination by the Internal Revenue Service ("IRS"), generally for three years after they were filed. As of the date of this report, UWSL's 2013 return had not yet been filed.

Fair value measurements – FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides 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 unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

- | | |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that UWSL has the ability to access. |
| Level 2 | Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in inactive markets; inputs other than quoted market prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

UNITED WAY OF SALT LAKE

NOTES TO FINANCIAL STATEMENTS

(1) Summary of significant accounting policies (continued)

Recently adopted accounting pronouncement – The following accounting pronouncement was recently adopted by UWSL.

In May 2011, the FASB issued ASU No. 2011-04, *Fair Value Measurement (Topic 820) Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and International Financial Reporting Standards*. ASU No. 2011-04 provides a consistent definition of fair value to ensure that the fair value measurement and disclosure requirements are similar between U.S. GAAP and International Financial Reporting Standards. ASU No. 2011-04 does not extend the use of fair value, but rather provides additional disclosure guidance about the application of fair value in those areas where fair value is already required or permitted, especially for Level 3 fair value measurements. ASU No. 2011-04 is effective for the first reporting period beginning after December 15, 2011. UWSL adopted ASU No. 2011-04 during the year ended June 30, 2013. There was no significant impact on the financial statements upon adoption of this standard.

New accounting pronouncements – The following accounting pronouncements were recently issued by the FASB.

In October 2012, the FASB issued ASU No. 2012-05, *Statement of Cash Flows (Topic 230): Not-for-Profit Entities: Classification of the Sale of Proceeds of Donated Financial Assets in the Statement of Cash Flows*, which requires not-for-profit entities to classify cash receipts from the sale of donated financial assets as cash inflows from operating activities, unless the donor restricted the use of the contributed resources to long-term purposes, in which case those cash receipts should be classified as cash flows from financing activities. ASU No. 2012-05 is effective for fiscal years beginning after June 15, 2013, with early adoption permitted. The adoption of ASU No. 2012-05 is not expected to have a significant impact on UWSL's financial statements.

In April 2013, the FASB issued ASU No. 2013-06, *Not-for-Profit Entities (Topic 958): Services Received from Personnel of an Affiliate*, which requires not-for-profit entities to recognize all services received from personnel of an affiliate that directly benefit the recipient not-for-profit entity. Those services should be measured at the cost recognized by the affiliate for the personnel providing those services unless this amount would significantly overstate or understate the value of the service received, in which case the recipient not-for-profit entity may elect to recognize that service received at either the cost recognized by the affiliate or the fair value of the service. ASU No. 2013-06 is effective for fiscal years beginning after June 15, 2014. A recipient not-for-profit entity may apply the amendments using a modified retrospective approach under which all prior periods presented upon the date of adoption should be adjusted, but no adjustment should be made to the beginning balance of net assets to the earliest period presented. Early adoption is permitted. The adoption of ASU No. 2013-06 is not expected to have a significant impact on UWSL's financial statements.

UNITED WAY OF SALT LAKE

NOTES TO FINANCIAL STATEMENTS

(2) Contributions receivable

Contributions receivable include campaign, community impact initiative, and Changing the Odds contributions. Contributions receivable consisted of the following as of June 30, 2013 and 2012:

	2013	2012
Amounts due in:		
Less than one year	\$ 8,632,535	\$ 5,670,307
One to five years	6,347,366	1,253,214
Totals	14,979,901	6,923,521
Less allowance for uncollectible contributions	(840,000)	(878,000)
Less unamortized discount	(356,048)	(57,468)
Contributions receivable, net	\$ 13,783,853	\$ 5,988,053

Contributions receivable due in more than one year are reflected at the present value of estimated future cash flows using discount rates ranging from 1.15% to 2.41%.

(3) Property and equipment

The cost and related accumulated depreciation and amortization of property and equipment as of June 30, 2013 and 2012 consisted of the following:

	2013	2012
Cost		
Furniture, fixtures, and equipment	\$ 231,321	\$ 225,574
Leasehold improvements	35,340	33,815
Computer equipment	86,753	133,579
Software	119,304	111,304
Vehicle	25,304	-
2-1-1 call center equipment	76,071	74,477
Total cost	574,093	578,749
Less accumulated depreciation and amortization	(424,883)	(419,282)
Property and equipment, net	\$ 149,210	\$ 159,467

Depreciation and amortization expense charged to operations was \$78,925 and \$86,260 for the years ended June 30, 2013 and 2012, respectively.

UNITED WAY OF SALT LAKE

NOTES TO FINANCIAL STATEMENTS

(4) Investments

Investments by major type as of June 30, 2013 and 2012 consisted of the following:

	2013	2012
Certificates of deposit	\$ 6,524,846	\$ 4,113,474
Exchange traded funds	3,374,944	1,866,314
Preferred stock	231,900	-
Mutual funds - bonds	239,904	240,014
Mutual funds - equities	196,180	359,376
Total investments	<u>\$ 10,567,774</u>	<u>\$ 6,579,178</u>

Investment returns for the year ended June 30, 2013, are summarized by net asset class as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$ 109,260	\$ 14,184	\$ -	\$ 123,444
Realized loss on sale of investments	(8,496)	-	-	(8,496)
Unrealized gain on investments	113,685	23,329	-	137,014
Investment advisor fees	(34,363)	(2,457)	-	(36,820)
Totals	<u>\$ 180,086</u>	<u>\$ 35,056</u>	<u>\$ -</u>	<u>\$ 215,142</u>

Investment returns for the year ended June 30, 2012, are summarized by net asset class as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	\$ 79,927	\$ 3,721	\$ -	\$ 83,648
Realized gain on sale of investments	504	-	-	504
Unrealized gain (loss) on investments	(18,529)	5,495	-	(13,034)
Investment advisor fees	(19,941)	(2,491)	-	(22,432)
Totals	<u>\$ 41,961</u>	<u>\$ 6,725</u>	<u>\$ -</u>	<u>\$ 48,686</u>

(5) Split-interest agreements

UWSL was a co-beneficiary of two charitable remainder unitrusts ("CRUT"). UWSL's pro-rata interest in the CRUTs is recorded at the fair value of the assets contributed to the CRUTs and is temporarily restricted. The CRUTs terminated in June 2013, and UWSL received payment of \$34,858 in August 2013 for its interest in the CRUTs.

UWSL is a co-beneficiary of a CRUT that terminates after the death of the primary beneficiary. UWSL will receive 33% of the remaining principal and income, if any, upon termination of the trust. UWSL's pro-rata interest in the trust is recorded at the fair value of the assets contributed to the trust and is permanently restricted.

UNITED WAY OF SALT LAKE

NOTES TO FINANCIAL STATEMENTS

(5) Split-interest agreements (continued)

UWSL is also the beneficiary of a charitable support trust (“CST”) which will be funded by a CRUT upon the death of the original donors. UWSL will be the beneficiary of and participate in the earnings and/or principal distributions of the CST after the death of the donors. The future interest in the CST is not included in the financial statements of UWSL since the original donors reserve the right to change the beneficiary of the CRUT.

(6) Due to partners

Payments due to partners consisted of funds awarded of \$0 and donor contributions designated for partners of \$1,304,297, net of an allowance for uncollectible designated contributions of \$90,729, as of June 30, 2013. Payments due to partners consisted of funds awarded of \$3,750,644 and donor contributions designated for partners of \$1,301,987, net of an allowance for uncollectible designated contributions of \$196,279, as of June 30, 2012.

During the year ended June 30, 2012, grants were awarded in the last month of the fiscal year. During the year ended June 30, 2013, UWSL elected to change its policies regarding the timing of when grants to community partners will be awarded. Grants will now be awarded in the first month of the fiscal year. This caused payments due to partners from funds awarded to be \$0 as of June 30, 2013.

Payments due to other United Ways were \$374,173 and \$556,882 as of June 30, 2013 and 2012, respectively.

(7) Board designated net assets

Board designated net assets consisted of board designated endowment funds of \$776,262 and \$715,705 as of June 30, 2013 and 2012, respectively.

(8) Temporarily restricted net assets

Temporarily restricted net assets are available for the following purposes as of June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Changing the Odds	\$ 12,558,823	\$ 4,042,532
Cornerstone Partners	2,021,872	1,837,907
Other restricted grants	700,082	658,307
Women's Leadership Council	660,568	290,500
Sponsorships	292,000	379,220
Endowment	263,485	239,030
Community fund	876	81,620
Total temporarily restricted net assets	<u>\$ 16,497,706</u>	<u>\$ 7,529,116</u>

Temporarily restricted net assets released from restrictions totaled \$4,655,033 and \$2,529,761 for the years ended June 30, 2013 and 2012, respectively. Net assets released from restrictions relate to collections of contributions receivable and the satisfaction of time and purpose restrictions on funds as specified by donors.

UNITED WAY OF SALT LAKE

NOTES TO FINANCIAL STATEMENTS

(9) Permanently restricted net assets

Permanently restricted net assets consisted of the following as of June 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Beneficial interests in charitable trusts	\$ 36,125	\$ 30,661
Children's Initiative Endowment Investment	50,000	50,000
Davis County Endowment Investment	35,307	35,307
Total permanently restricted net assets	<u>\$ 121,432</u>	<u>\$ 115,968</u>

(10) Endowment

UWSL's endowment includes both donor-restricted endowments and funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law – The Board of Directors of UWSL has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”), as adopted by the State of Utah, 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, UWSL 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 UWSL in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, UWSL 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
- (6) Other resources of UWSL
- (7) The investment policies of UWSL

UNITED WAY OF SALT LAKE

NOTES TO FINANCIAL STATEMENTS

(10) Endowment (continued)

Endowment net asset composition by type of fund as of June 30, 2013 consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ (6,395)	\$ 263,485	\$ 85,307	\$ 342,397
Board-designated endowment funds	776,262	-	-	776,262
Total endowment net assets	<u>\$ 769,867</u>	<u>\$ 263,485</u>	<u>\$ 85,307</u>	<u>\$ 1,118,659</u>

Endowment net asset composition by type of fund as of June 30, 2012 consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ (8,650)	\$ 239,030	\$ 85,307	\$ 315,687
Board-designated endowment funds	715,705	-	-	715,705
Total endowment net assets	<u>\$ 707,055</u>	<u>\$ 239,030</u>	<u>\$ 85,307</u>	<u>\$ 1,031,392</u>

Changes in endowment net assets for the year ended June 30, 2013 consisted of the following:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 707,055	\$ 239,030	\$ 85,307	\$ 1,031,392
Investment return:				
Interest and dividends	17,807	6,933	-	24,740
Net appreciation (realized and unrealized)	51,315	19,979	-	71,294
Investment advisor fees	(6,310)	(2,457)	-	(8,767)
Total investment return	<u>62,812</u>	<u>24,455</u>	<u>-</u>	<u>87,267</u>
Endowment net assets, end of year	<u>\$ 769,867</u>	<u>\$ 263,485</u>	<u>\$ 85,307</u>	<u>\$ 1,118,659</u>

UNITED WAY OF SALT LAKE

NOTES TO FINANCIAL STATEMENTS

(10) Endowment (continued)

Changes in endowment net assets for the year ended June 30, 2012 consisted of the following:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 665,421	\$ 232,304	\$ 85,307	\$ 983,032
Investment return:				
Interest and dividends, net	9,279	3,722	-	13,001
Net appreciation (realized and unrealized)	13,132	5,495	-	18,627
Investment advisor fees	(6,227)	(2,491)	-	(8,718)
Total investment return	16,184	6,726	-	22,910
Contributions	25,450	-	-	25,450
Endowment net assets, end of year	<u>\$ 707,055</u>	<u>\$ 239,030</u>	<u>\$ 85,307</u>	<u>\$ 1,031,392</u>

Funds with deficiencies – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or applicable state law requires UWSL to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$6,395 and \$8,650 as of June 30, 2013 and 2012, respectively. These deficiencies resulted from unfavorable market fluctuations.

Return objectives and risk parameters – UWSL has adopted investment and spending policies for endowment assets that attempt to maximize long-term gains with an acceptable level of risk and to provide funding for special projects or initiatives, to act as an emergency funding source or to fund capital expenditures. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for donor-specified periods as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that meet or exceed appropriate nationally recognized performance indices (benchmarks) selected by the Investment Committee over a five-year rolling time period. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives – To satisfy its long-term rate-of-return objectives, UWSL relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). UWSL targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

UNITED WAY OF SALT LAKE

NOTES TO FINANCIAL STATEMENTS

(10) Endowment (continued)

Spending policy and how the investment objective relates to spending policy – Distribution of endowment funds are approved by the Board of Directors and are made when deemed appropriate. A guideline for distributions from the endowment fund earnings, on a fiscal year basis, is defined as 50% of the investment income growth (including income and capital appreciation), of the endowment funds, unless otherwise recommended by the Board of Directors. This is consistent with UWSL's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. There were no amounts appropriated for expenditures during the years ended June 30, 2013 and 2012.

(11) Community impact initiative contributions

Community impact initiative contributions for the years ended June 30, 2013 and 2012 consisted of the following:

	2013	2012
Community development	\$ 275,000	\$ 350,000
Early learning network	200,000	-
2-1-1 call center	178,300	107,500
EITC/VITA	87,380	154,760
Community learning centers	61,865	366,832
Women's Leadership Council	61,017	35,775
Immigrant and refugee integration	37,380	54,760
Financial literacy	-	5,000
Total	<u>\$ 900,942</u>	<u>\$ 1,074,627</u>

(12) Grants to community partners

Grants to community partners for the years ended June 30, 2013 and 2012, consisted of the following:

	2013	2012
Grants to impact partners	\$ 318,504	\$ 1,845,322
Community development grants	226,500	215,000
Community learning center grants	37,595	1,930,294
Sub-for-Santa grants	20,000	-
Immigration integration grants	10,000	10,000
Utah Saves grants	300	-
Total	<u>\$ 612,899</u>	<u>\$ 4,000,616</u>

During the year ended June 30, 2012, grants were awarded in the last month of the fiscal year. During the year ended June 30, 2013, UWSL elected to change its policies regarding the timing of when grants to community partners will be awarded. Grants will now be awarded in the first month of the fiscal year. In July 2013, UWSL awarded grants of \$4,004,804 to community partners.

UNITED WAY OF SALT LAKE

NOTES TO FINANCIAL STATEMENTS

(13) Leases

UWSL leases office space and equipment under noncancelable operating leases. Lease expense for these leases was approximately \$204,000 and \$340,000 for the years ended June 30, 2013 and 2012, respectively.

Future aggregate minimum lease payments under existing noncancelable leases as of June 30, 2013 are as follows:

<u>Years Ending June 30,</u>	
2014	\$ 185,364
2015	191,067
2016	196,770
2017	200,568
2018	200,556
Thereafter	<u>821,232</u>
Total future minimum lease payments	<u>\$ 1,795,557</u>

As of June 30, 2012, UWSL was leasing office space that it no longer occupied. Remaining payments under this lease obligation as of June 30, 2012, were approximately \$140,000. UWSL accrued expenses for this amount as of June 30, 2012. The expense for this item is included within "Occupancy and parking" in the statement of functional expenses for the year ended June 30, 2012. The lease for this office space expired in April 2013 and there are no outstanding lease payment obligations as of June 30, 2013.

(14) Concentrations of credit and market risks

Primarily all of UWSL's revenues and receivables are from businesses and individuals located in the Davis, Salt Lake, Summit, and Tooele County areas in the state of Utah.

UWSL maintains cash and investments in bank and brokerage accounts which at times may exceed their federally insured limits of \$250,000 set by the Federal Deposit Insurance Corporation. UWSL has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on these balances.

UWSL also maintains accounts with stock brokerage firms and has beneficial interests in charitable trusts which maintain accounts with brokerage firms. The accounts contain cash, securities and other investments. The balances are insured by the Securities Investors Protection Corporation up to a ceiling of \$500,000 with a \$250,000 limit for cash claims. UWSL's investments in securities and beneficial interests in charitable trusts are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with these investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements.

(15) Related party transactions

Annual dues are paid to United Way Worldwide, which were \$98,398 and \$100,339 for the years ended June 30, 2013 and 2012, respectively.

UNITED WAY OF SALT LAKE

NOTES TO FINANCIAL STATEMENTS

(16) Defined benefit pension plan

UWSL had a defined benefit pension plan covering substantially all of its employees. In October 2009, UWSL's Board of Directors approved a resolution to terminate the plan effective December 31, 2009, and to liquidate the plan in accordance with the terms and conditions of the plan and any rules or regulations promulgated by the Pension Benefit Guaranty Corporation and the IRS. During the year ended June 30, 2012, the IRS approved the termination of the plan and all assets of the plan were distributed to participants who had accrued benefits under the plan. Amounts recognized as changes in unrestricted net assets that were not recognized as components of net periodic benefit cost were \$143,576 for the year ended June 30, 2012.

(17) Retirement plan

UWSL sponsors a 403(b) plan (the "Plan"), which reports on a calendar year. Benefits under the Plan are provided through a group annuity contract. For the year ended June 30, 2012, employer matching contributions to the Plan were equal to 50% of employee elective deferrals up to 6% of eligible gross wages. In July 2012, the Plan was amended and employer matching contributions were equal to 75% of employee elective deferrals up to 6% of eligible gross wages. Employer contributions made to the Plan were \$71,997 and \$31,215 for the years ended June 30, 2013 and 2012, respectively.

In July 2013, the Plan was amended and employer matching contributions were equal to 100% of employee elective deferrals up to 6% of eligible gross wages.

(18) Fair value measurements

Assets measured at fair value on a recurring basis as of June 30, 2013 consisted of the following:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	Balance as of June 30, 2013
Money market accounts	\$ 458,912	\$ -	\$ -	\$ 458,912
Certificates of deposit	-	6,524,846	-	6,524,846
Exchange traded funds	3,374,944	-	-	3,374,944
Preferred stock	231,900	-	-	231,900
Mutual funds - bonds	239,904	-	-	239,904
Mutual funds - equities	196,180	-	-	196,180
Beneficial interests in charitable trusts	-	-	71,385	71,385
Total	<u>\$ 4,501,840</u>	<u>\$ 6,524,846</u>	<u>\$ 71,385</u>	<u>\$ 11,098,071</u>

UNITED WAY OF SALT LAKE

NOTES TO FINANCIAL STATEMENTS

(18) Fair value measurements (continued)

Assets measured at fair value on a recurring basis as of June 30, 2012 consisted of the following:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Balance as of June 30, 2012</u>
Money market accounts	\$ 984,363	\$ -	\$ -	\$ 984,363
Certificates of deposit	-	4,113,474	-	4,113,474
Exchange traded funds	1,866,314	-	-	1,866,314
Mutual funds - bonds	240,014	-	-	240,014
Mutual funds - equities	359,376	-	-	359,376
Beneficial interests in charitable trusts	-	-	65,812	65,812
Total	<u><u>\$ 3,450,067</u></u>	<u><u>\$ 4,113,474</u></u>	<u><u>\$ 65,812</u></u>	<u><u>\$ 7,629,353</u></u>

The investments in certificates of deposit are valued using the estimated cash flows based on terms such as the fixed rate of return as compared to the benchmark interest rates, which are market observable.

Beneficial interests in charitable trusts are valued using estimated rates of return on the assets held by the charitable trusts, the expected cash flows to be received when the assets are distributed from the trusts and the fair value of the underlying assets held by the trusts.

For the Level 2 and Level 3 assets, there were no changes in the valuations techniques during the years ended June 30, 2013 and 2012.

The table below presents the change in fair value measurements that used Level 3 inputs during the years ended June 30, 2013 and June 30, 2012:

	<u>2013</u>	<u>2012</u>
Balance, beginning of year	\$ 65,812	\$ 73,342
Net unrealized gains (losses)	5,573	(7,530)
Balance, end of year	<u><u>\$ 71,385</u></u>	<u><u>\$ 65,812</u></u>

Net unrealized gains and losses on Level 3 instruments have been recorded in the statement of activities under the caption "Increase (decrease) in interests in charitable trusts."

UNITED WAY OF SALT LAKE

NOTES TO FINANCIAL STATEMENTS

(19) Subsequent events

In August 2013, UWSL entered into loan agreements known as Social Impact Loans. The Social Impact Loans will be used to fund a high-quality preschool program, the objective of which is to decrease the number of children who use special education and remedial services in kindergarten through 12th grade. The goal of the program is to create cost savings for school districts, the State of Utah, and other government entities.

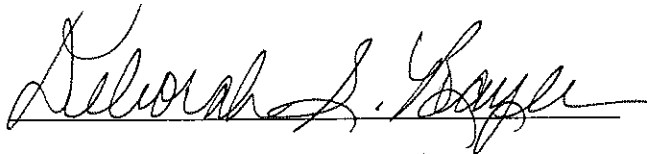
UWSL entered into a senior loan agreement (the "Senior Loan") with a financial institution. UWSL also entered into a subordinate loan agreement (the "Subordinate Loan") with a private foundation. The maximum principal amount available under the Senior Loan is \$4.6 million with an interest rate of 5.00% per year calculated on a simple interest basis. The maximum principal amount available under the Subordinate Loan is \$2.4 million with an interest rate of 5.00% per year calculated on a simple interest basis. Both the Senior Loan and Subordinate Loan mature eight years after the initial advance date. Advances will be available in multiple tranches. The principal amount of the first tranche will be approximately \$1.1 million. Advances under the first tranche will not be made to UWSL until UWSL transfers \$1,087,500 into a performance account. UWSL transferred \$1,087,500 to this performance account in September 2013. Any disbursements from the performance account must first be approved by the financial institution. The financial institution and private foundation have been granted a security interest in the performance account. Advances of \$450,000 under the first tranche were made to UWSL subsequent to year end. Advances under subsequent tranches will not be made to UWSL unless one or more third-parties agree to become additional borrowers under the Senior and Subordinate Loans. Principal and interest payments are due under both the Senior and Subordinate Loans on the anniversary date of the initial advance, beginning on the third anniversary of the initial advance. After payment in full of interest and principal of the Senior and Subordinate Loans, certain fees will be owed to the financial institution and private foundation based upon cost savings that are generated from the decrease in the number of children who use special education and remedial services as a result of the high-quality preschool program. Both the Senior and Subordinate Loans contain certain restrictive non-financial covenants. The Senior and Subordinate Loans are non-recourse to UWSL except as provided in a limited recourse carve out agreement.

UWSL has evaluated subsequent events through October 10, 2013, which is the date these financial statements were available to be issued.

CERTIFICATION

We hereby certify that:


1. We have read the audited financial statements of United Way of Salt Lake for the year ended June 30, 2013.
2. Based on our knowledge, these financial statements do not contain any untrue statement of material facts, nor are we aware of any omission of facts, that would make the financial statements misleading.
3. Based on our knowledge, the financial statements and other financial information included in this report, fairly present, in all material respects, the financial condition, change in net assets, and cash flows of United Way of Salt Lake as of, and for the period ended June 30, 2013.



Deborah S. Bayle, President and CEO

10-10-13

Date



Kevin Grimmatt, Chief Financial Officer

10/10/2013

Date