UNITED WAY OF SALT LAKE

FINANCIAL STATEMENTS

Year Ended June 30, 2011
With Summarized Comparative Information
for the Year Ended June 30, 2010

Mayer Hoffman McCann P.C.
An Independent CPA Firm

175 South West Temple, Suite 650
Salt Lake City, Utah 84101
801-364-9300 ph
801-364-9301 fx
www.mhm-pc.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors

UNITED WAY OF SALT LAKE

We have audited the accompanying statements of financial position of United Way of Salt Lake (the "Organization") as of June 30, 2011and 2010, and the related statement of cash flows for the years then ended and the accompanying statements of activities and functional expenses for the year ended June 30, 2011. 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. The prior year summarized comparative statements of activities and functional expenses have been derived from the Organization's 2010 financial statements, and in our report dated October 13, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. 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 Salt Lake as of June 30, 2011 and 2010, and the changes in its net assets for the year ended June 30, 2011 and its cash flows for the years ended June 30, 2011 and 2010 in conformity with U.S. generally accepted accounting principles.

Mayer Hoffman McCann P.C.

Salt Lake City, Utah
October 13, 2011

UNITED WAY OF SALT LAKE

STATEMENTS OF FINANCIAL POSITION

June 30, 2011 and 2010

	2011	2010
A S S E T S		
Cash and cash equivalents	$ 2,702,465	$ 3,404,677
Pledges receivable, less allowance for uncollectible pledges (2011, $951,468; 2010, $648,000)	4,189,231	4,160,652
Prepaid expenses	7,656	39,369
Property and equipment, net	189,116	155,229
Investments	6,755,118	6,128,511
Other assets	109,023	105,110
Beneficial interests in charitable trusts	73,342	1,411,753
TOTAL ASSETS	$ 14,025,951	$ 15,405,301
L I A B I L I T I E S A N D N E T A S S E T S		
Accounts payable and accrued liabilities	$ 166,389	$ 193,459
Due to agency partners	4,974,215	5,970,779
Due to other agencies	92,431	206,945
Due to other United Ways	475,329	410,447
Other liabilities	319,473	99,770
TOTAL LIABILITIES	6,027,837	6,881,400
NET ASSETS		
Unrestricted		
Undesignated	3,794,338	1,286,782
Board designated	874,691	816,914
Temporarily restricted	3,207,653	4,957,695
Permanently restricted	121,432	1,462,510
TOTAL NET ASSETS	7,998,114	8,523,901
TOTAL LIABILITIES AND NET ASSETS	$ 14,025,951	$ 15,405,301

UNITED WAY OF SALT LAKE

STATEMENTS OF ACTIVITIES

Year Ended June 30, 2011 with Summarized Comparative Totals for 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2011	Summarized Comparative Totals 2010
SUPPORT, REVENUE, GAINS AND LOSSES					
Campaign contributions for 2011 and 2010:					
Contributions received, net of uncollectible pledges (2011, $483,000; 2010, $648,000)	$ 7,568,483	$ -	$ -	$ 7,568,483	$ 6,963,398
Bridge the gap contributions	-	-	-	-	199,600
Cornerstone Partners contributions	-	1,842,670	-	1,842,670	2,014,490
Less donor designations	(1,813,528)	-	-	(1,813,528)	(1,757,926)
Campaign 2011 and 2010 results	5,754,955	1,842,670	-	7,597,625	7,419,562
Campaign 2012 contributions:					
Contributions received in 2011	62,500	8,595	-	71,095	-
Less donor designations	(62,500)	-	-	(62,500)	-
Campaign 2012 results	-	8,595	-	8,595	-
Campaign 2011 contributions:					
Contributions received in 2010	-	-	-	-	131,912
Less donor designations	-	-	-	-	(125,000)
Campaign 2010 results	-	-	-	-	6,912
Community impact initiative contributions	852,682	480,766	-	1,333,448	627,892
Sponsorships	128,625	288,000	-	416,625	414,564
Government grants	-	-	-	-	43,442
Other contributions	67,175	-	-	67,175	62,947
In-kind contributions	594,317	-	-	594,317	1,257,126
Return on investments	126,144	24,175	-	150,319	188,128
Increase (decrease) in interest in trusts	-	2,667	5,561	8,228	(75,351)
Miscellaneous income	29,376	-	-	29,376	4,943
	1,798,319	795,608	5,561	2,599,488	2,523,691
TOTAL SUPPORT, REVENUE GAINS AND LOSSES	7,553,274	2,646,873	5,561	10,205,708	9,950,165
NET ASSETS RELEASED FROM RESTRICTIONS	4,396,915	(4,396,915)	-	-	-
TOTAL SUPPORT, REVENUE, GAINS, LOSSES, AND NET ASSETS RELEASED FROM RESTRICTIONS	$ 11,950,189	$ (1,750,042)	$ 5,561	$ 10,205,708	$ 9,950,165

See Notes to Financial Statements

UNITED WAY OF SALT LAKE

STATEMENTS OF ACTIVITIES – CONTINUED

Year Ended June 30, 2011 with Summarized Comparative Totals for 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals 2011	Summarized Comparative Totals 2010
EXPENSES					
Program Services					
Gross funds awarded/distributed	$ 8,662,804	$ -	$ -	$ 8,662,804	$ 9,780,099
Less donor designations	(1,813,528)	-	-	(1,813,528)	(1,757,926)
Total Program Services	6,849,276			6,849,276	8,022,173
Supporting Services	2,336,994	-	-	2,336,994	2,872,986
TOTAL EXPENSES	9,186,270	-	-	9,186,270	10,895,159
TERMINATION OF BENEFICIAL INTEREST IN TRUST	-	-	(1,346,639)	(1,346,639)	-
PENSION-RELATED CHANGES OTHER THAN NET PERIODIC PENSION COST	(198,586)	-	-	(198,586)	(68,261)
CHANGE IN NET ASSETS	2,565,333	(1,750,042)	(1,341,078)	(525,787)	(1,013,255)
NET ASSETS, BEGINNING OF YEAR	2,103,696	4,957,695	1,462,510	8,523,901	9,537,156
NET ASSETS, END OF YEAR	$ 4,669,029	$ 3,207,653	$ 121,432	$ 7,998,114	$ 8,523,901

See Notes to Financial Statements

UNITED WAY OF SALT LAKE

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2011 with Summarized Comparative Totals for 2010

	PROGRAM SERVICES					SUPPORTING SERVICES				
		Community Impact								
	Basic Needs	Income	Health	Education	Total Program Services	Management and General	Resource Development	Total Supporting Services	Totals 2011	Totals 2010
Salaries and related expenses	$ 141,286	$ 244,489	$ 149,502	$ 188,232	$ 723,509	$ 361,942	$ 800,413	$ 1,162,355	$ 1,885,864	$ 1,928,802
Advertising	25,497	135,936	25,496	25,496	212,425	-	101,986	101,986	314,411	399,419
Occupancy and parking	11,501	18,118	11,105	18,081	58,805	16,652	101,738	118,390	177,195	174,329
Special events	26,041	12,232	1	36,282	74,556	1,035	163,232	164,267	238,823	156,662
United Way of America dues	7,727	12,487	7,727	12,487	40,428	11,646	71,557	83,203	123,631	105,002
Depreciation expense	4,522	6,230	3,855	6,230	20,837	5,813	35,705	41,518	62,355	101,990
Postage and direct and digital marketing	240	386	240	386	1,252	380	29,639	30,019	31,271	69,190
Research	3,420	7,979	3,420	23,679	38,498	-	-	-	38,498	66,608
Printing and visual media	5,058	12,345	4,545	7,464	29,412	3,308	42,086	45,394	74,806	63,433
IT outsourcing	3,562	4,788	2,963	4,787	16,100	4,465	27,435	31,900	48,000	47,400
Telephone	1,465	2,556	1,466	2,556	8,043	1,806	17,802	19,608	27,651	37,859
Professional services	-	4,225	-	-	4,225	42,457	-	42,457	46,682	33,328
Consultant fees	3,496	36,987	996	39,205	80,684	-	38,669	38,669	119,353	28,354
Trainings and conferences	632	-	-	910	1,542	1,825	7,954	9,779	11,321	26,107
Miscellaneous expenses	1,936	4,168	1,882	4,692	12,678	26,255	29,778	56,033	68,711	24,855
Insurance	628	1,015	628	1,015	3,286	7,180	5,816	12,996	16,282	22,147
Software support	12,070	3,088	1,695	3,038	19,891	1,769	12,241	14,010	33,901	19,649
Local transportation	519	895	519	895	2,828	899	5,734	6,633	9,461	19,169
Supplies	1,151	1,500	1,151	1,499	5,301	1,740	9,340	11,080	16,381	13,606
Equipment rental and maintenance	49	80	49	80	258	74	664	738	996	1,146
Grants to community partners	1,760,206	461,914	392,714	2,661,228	5,276,062	-	-	-	5,276,062	6,298,978
In-kind goods and services	42,434	91,354	42,434	42,434	218,656	-	345,959	345,959	564,615	1,257,126
	$ 2,053,440	$ 1,062,772	$ 652,388	$ 3,080,676	$ 6,849,276	$ 489,246	$ 1,847,748	$ 2,336,994	$ 9,186,270	$ 10,895,159

See Notes to Financial Statements

UNITED WAY OF SALT LAKE

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2011 and 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (525,787)	$ (1,013,255)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Change in fair value of beneficial interests in charitable trusts	(8,228)	75,351
Return of contribution	1,346,639	-
Depreciation	62,355	101,990
Increase (decrease) in allowance for uncollectible pledges	303,468	(64,000)
Amortization of discount on pledges receivable	(23,222)	(79,274)
Stock donations	(162,313)	(76,132)
Property and equipment donations	(29,702)	-
Unrealized gain on investments	(62,165)	(32,114)
Realized loss (gain) on sale of investments	538	(1,950)
Decrease (increase) in operating assets:		
Pledges receivable	(308,825)	733,617
Prepaid expenses	31,713	(24,422)
Other assets	(3,913)	(1,579)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	(27,070)	41,124
Due to agency partners	(996,564)	9,822
Due to other agencies	(114,514)	(160,601)
Due to other United Ways	64,882	49,799
Other liabilities	219,703	40,538
NET CASH FLOWS FROM OPERATING ACTIVITIES	(233,005)	(401,086)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(3,547,151)	(3,227,752)
Proceeds from sale of investments	3,144,484	3,674,988
Purchase of property and equipment	(66,540)	-
NET CASH FLOWS FROM INVESTING ACTIVITIES	(469,207)	447,236
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(702,212)	46,150
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,404,677	3,358,527
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,702,465	$ 3,404,677

See Notes to Financial Statements

(1) Summary of significant accounting policies

Nature of operations - United Way of Salt Lake ("UWSL") is a non-profit 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 made up of 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 passion, expertise and resources needed to solve problems". United Way of Salt Lake 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. The latest research identified our community's priority problems in the areas of education, income and health, which are the building blocks of a good life, as well as the special challenges faced by immigrants and refugees. The research also evaluated people's most basic needs of food, shelter, health and safety. UWSL currently focuses its work in 26 Neighborhood Centers, located in eight different neighborhoods within its service area. These Neighborhood Centers are hubs of the communities they serve. Working with dozens of community partners, programs and services are focused on education, income and health. UWSL also provides grants to community partners to provide basic needs services of food, shelter, health and safety. Additionally, UWSL advocates at all levels of government on a public policy agenda that is tied to its areas of focus – education, income, health, immigrant and refugee integration, and basic needs.

UWSL also raises and distributes resources to more than two hundred additional non-profit organizations at the specific request of its donors.

Basis of accounting - The accompanying financial statements have been prepared using the accrual basis of accounting. UWSL follows the generally accepted accounting principles for non-profit organizations and reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Classification of restricted net assets is determined by the nature of any donor imposed restrictions.

- Unrestricted net assets represent expendable funds available for operations which are not otherwise limited by donor restrictions.
- Temporarily restricted net assets consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific occurrence of a future event or a specific passage of time before UWSL may spend the funds.
- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity usually for the purpose of generating investment income to fund current operations.

(1) Summary of significant accounting policies (continued)

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 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 - The UWSL considers all investments with original maturities of three months or less to be cash equivalents.

Pledges receivable - Pledges are recorded at their net realizable value. UWSL uses the allowance method to determine uncollectible pledges. The allowance is based on historical experience and management's analysis of specific balances. Pledges are recorded after being discounted to the anticipated net present value of the future cash flows. Conditional promises to give are not included as support until the conditions are substantially met. There are no conditional promises to give as of June 30, 2011 and 2010.

Investments - UWSL records investments in securities at the fair value on date of purchase or donation and recognizes the unrealized gain or loss resulting from the difference between cost and market value in the statement of activities. Investments with readily determinable fair values are stated at fair market value in the Statement of Financial Position.

Property and equipment - Equipment is recorded on the basis of cost for items purchased or 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 is recorded on the straight-line method over the estimated useful lives of the assets as follows: furniture and equipment 3-10 years; computers 2-7 years; software 2-7 years; and vehicle - 5 years.

Long-lived assets - UWSL accounts for long-lived assets in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 360-10-05 ("ASC 360-10-05," formerly referred to as Statement of Financial Accounting Standards ("SFAS") No. 144), *Accounting for the Impairment of Long-Lived Assets*. ASC 360-10-05 requires that long-lived assets be 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 future net 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. No impairment charges were recorded during the years ended June 30, 2011 and 2010, respectively.

(1) Summary of significant accounting policies (continued)

Agency transactions - UWSL, acting as an agent, receives cash contributions from individuals, small businesses, large corporations and other local UWSLs. 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 donor restrictions. All contributions are considered to be available for unrestricted use in the appropriate time period, unless specifically restricted by the donor.

Amounts 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 satisfactions of program restrictions and net assets released. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

The temporary restrictions on assets as of June 30, 2011 and 2010, relate to the collections and pledges which are designated for allocation during future years, including Cornerstone Partner 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 (Note 9).

The permanent restrictions on assets as of June 30, 2011 and 2010, relate to the UWSL's beneficial interests in charitable trusts and endowments (Note 10).

Cornerstone Partners' contributions - Contributions for UWSL's Cornerstone Partners program are temporarily restricted. The program consists of agreements with almost ninety 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. This Cornerstone support also allows UWSL to direct individual designations received to any qualified non-profit organization, other local UWSLs 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 corporate gifts, sponsorships, investment revenue and other miscellaneous revenues, are utilized for supporting service expenses.

Donated services and in-kind contributions - Accounting principles for non-profit organizations require donated services which require specific expertise or enhance a non-financial asset be recorded in the financial statements at their fair market value. For the years ended June 30, 2011 and 2010, respectively, approximately $89,000 and $45,000 have been recorded as revenue and expense for specialized consulting 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 statements for these donated services as they did not meet the accounting principles criteria for recognition.

(1) Summary of significant accounting policies (continued)

UWSL also receives donated printing, radio, newspaper, and television advertising, prizes for special events, catering and other goods and services, which assist in the accomplishment of its mission. These donations are recorded in the financial statements as in-kind revenue and expense at their estimated fair market value which totaled approximately $505,317 and $1,212,000 for the years ended June 30, 2011 and 2010, respectively.

Functional expenses - UWSL follows guidelines established by UWSL of America'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 a collaborative approach to community problem-solving called "community" or "collective" impact. Collective impact refers to the focus on a limited number of priorities and objectives in a specific geographic area. It requires collaboration with all sectors of our community – nonprofits, businesses, education, government, faith-based, etc. No organization working by itself can make adequate progress on its own. Collaboration is required if we expect to actually change the lives of the people we serve. Organizations that work in isolation cannot expect to change the long-term behaviors of people. 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 cradle 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 26 Neighborhood Centers to achieve three main goals: to create a foundation of early learning from birth to age eight; to help people gain the income and financial tools they need to be self-sufficient and to improve children's health and promote healthy behaviors. Through our Centers, which are located in some of our 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 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. 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 building buildings.

(1) Summary of significant accounting policies (continued)

UWSL's work includes comprehensive research, which identifies and resolves problems that impact the quality of life in the communities we serve. UWSL provides information and education to the public regarding the community's most critical social needs in areas of education, income, health, immigrant and refugee integration and the most basic needs of food, shelter, health and safety. It works as an integral partner with nonprofits, schools, government, businesses, faith-based organizations and others to ensure that desired objectives are being achieved; monitors programs to ensure accountability; directs collection, analysis and presentation/communication of all data related to UWSL's work; develops and implements shared data collection and reporting systems in each neighborhood partnership, as well as for basic needs grantees.

Supporting Services

Management and General - Includes overall direction and administration of UWSL; ensures that UWSL is well managed; responsible for strategic planning and overall development of organization; has responsibility for all staff functions, including hiring, training, human resource management, and benefits administration; ensures that general records are properly and accurately maintained; responsible for fiscal management, including financial statements, audits, pledge and accounts receivable management, accounts payable and in-kind contributions.

Also responsible for maintaining governing and policy-making bodies of UWSL through Board of Directors, Executive Committee, Administration/Finance Committee, Governance/Ethics Committee, Investment Committee and Audit Committee.

Resource Development - Develop, implement and refine overarching resource development plan to secure resources necessary to support organizational mission and business model. Research, develop and implement new strategies and best practices to strengthen current resource development efforts. Grow revenue by broadening base of support through innovation and development of new revenue streams. Cultivate and steward relationships with current and prospective donors through personal contact, including phone calls, email, written correspondence and visits. Engage staff and board in process to cultivate donors and secure revenue. Develop, implement and manage current and prospective donor cultivation and stewardship practices. Work with marketing department to develop and produce resource development 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 community impact department, research and write foundation and governments grants to secure restricted revenue for specific projects to advance UWSL's work.

Advertising costs - Advertising costs are charged to operations when incurred. Advertising expense was $627,411 and $1,440,419 for the years ended June 30, 2011 and 2010, respectively, out of which approximately $313,000 and $1,041,000 was donated advertising for the years ended June 30, 2011 and 2010, respectively.

(1) Summary of significant accounting policies (continued)

Income taxes - UWSL is a qualified charitable organization under Section 501(c)(3) of the Internal Revenue Code and under the State of Utah tax regulations and, therefore, is not subject to federal or state income taxes in connection with its charitable activities. UWSL does not believe it has any material uncertain tax positions.

Fair Value Measurements - **Definition and Hierarchy** - In accordance with the provisions of FASB ASC 820 ("ASC 820", formerly known as Statement of Financial Accounting Standard (SFAS) No. 157, *Fair Value Measurements*), fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

In determining fair value, the UWSL uses various valuation approaches. ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the UWSL. Unobservable inputs are inputs that reflect the UWSL's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1—Valuations based on quoted prices in active markets for identical assets or liabilities that the UWSL has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2—Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3—Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary from product to product and is affected by a wide variety of factors, including, for example, the type of product, whether the product is new and not yet established in the marketplace, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the UWSL in determining fair value is greatest for instruments categorized in Level 3.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

(1) Summary of significant accounting policies (continued)

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the UWSL's own assumptions are set to reflect those that the UWSL believes market participants would use in pricing the asset or liability at the measurement date.

See Note 19 for a description of valuation techniques applied to the major categories of financial instruments measured at fair value.

Subsequent events - UWSL has reviewed and evaluated material subsequent events from the balance sheet date of June 30, 2011 through the financial statements issue date of October 13, 2011. All appropriate subsequent event disclosures, if any, have been made in the notes to the financial statements.

New accounting pronouncement adopted - The following accounting pronouncement was recently issued by the FASB and adopted by UWSL:

In January 2010, the FASB issued ASC 2010-06, *Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements,* which expanded the required disclosures about fair value measurements. In particular, ASC 2010-06 requires (i) separate disclosure of the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements along with the reasons for such transfers, (ii) information about purchases, sales, issuances and settlements to be presented separately in the reconciliation for Level 3 fair value measurements, (iii) fair value measurement disclosures for each class of assets and liabilities and (iv) disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements for fair value measurements that fall in either Level 2 or Level 3.

ASC 2010-06 is effective for annual reporting periods beginning after December 15, 2009, except for (ii) above which is effective for fiscal years beginning after December 15, 2010. The adoption of the disclosure requirements did not have a significant impact on the UWSL's financial statements.

Recent accounting pronouncement not yet adopted - On May 12, 2011, FASB together with the International Accounting Standards Board (IASB), jointly issued Accounting Standards Update (ASU) 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS*. One of the most controversial pieces to the original FASB proposal was the recommendation to add disclosures about the sensitivity of fair value measurements categorized within Level 3 of the fair value hierarchy, which require the most judgment in determining fair value. Significant portions of this proposed disclosure were ultimately included in ASU 2011-04. ASU 2011-04 will become effective for annual periods beginning after December 15, 2011. Early adoption for annual periods is not permitted. The adoption of the disclosure requirements will not have a significant impact on the UWSL's financial statements.

(2) Prior year summarized financial information

The financial statements include prior-year summarized comparative information in total and do not include information by the unrestricted, temporarily restricted, and permanently restricted net asset classes as required by U.S. generally accepted accounting principles. Accordingly, the information should be read in conjunction with the UWSLs' financial statements as of June 30, 2010, from which the summarized comparative information was derived.

(3) Investments

Investments as of June 30 are summarized as follows:

	2011	2010
Certificates of deposit	$ 5,522,613	$ 5,644,614
Corporate securities	642,072	225,271
Corporate bonds	14,036	-
Mutual funds - bonds	221,382	-
Mutual funds - securities	355,015	258,626
Total investments	$ 6,755,118	$ 6,128,511

Investment returns as of June 30, 2011, are summarized by net asset class as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	$ 88,304	$ 388	$ -	$ 88,692
Realized gain on disposal of investments	(538)	-	-	(538)
Unrealized gain on appreciation of investments	38,378	23,787	-	62,165
	$ 126,144	$ 24,175	$ -	$ 150,319

Investment returns as of June 30, 2010, are summarized by net asset class as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Interest and dividends	$ 151,384	$ 2,680	$ -	$ 154,064
Realized loss on disposal of investments	1,950	-	-	1,950
Unrealized gain on appreciation of investments	19,476	12,638	-	32,114
	$ 172,810	$ 15,318	$ -	$ 188,128

(4) Property and equipment, net

The cost and related accumulated depreciation of property and equipment at June 30 are as follows:

	2011	2010
Cost		
Furniture and equipment	$ 332,887	$ 332,887
Computers	222,559	185,549
Software	163,044	142,243
Vehicle	22,740	22,740
211 Call Center Equipment	38,431	-
Total cost	779,661	683,419
Less accumulated depreciation	(590,545)	(528,190)
Net property and equipment	$ 189,116	$ 155,229

The depreciation expense charged to operations was $62,355 and $101,990 for the years ended June 30, 2011 and 2010, respectively.

(5) Pledges receivable

Pledges receivable consist of campaign and community impact initiative pledges. For the year ended June 30, 2010, there were pledges due in more than one year, that were reflected at the present value of estimated future cash flows using discount rates ranging from 4.20% to 5.13%, which was reflected as a discount which was amortized over the life of the associated pledges. During the year ended June 30, 2011, long-term pledges were collected; and as a result, there are no pledges due in more than one year as of June 30, 2011.

Pledges receivable consist of the following:

	2011	2010
Amounts due in:		
Less than one year	$ 5,140,699	$ 4,831,874
Totals	5,140,699	4,831,874
Less: allowance for uncollectible pledges	(951,468)	(648,000)
Less: unamortized discount	-	(23,222)
Total long-term pledges	$ 4,189,231	$ 4,160,652

(6) Split interest agreements and interest in perpetual trust

Split interest agreements
UWSL is a co-beneficiary of two charitable remainder unitrusts (CRUT) that terminate on June 2, 2013. UWSL will receive 10% of the remaining principal, if any, upon termination. UWSL's prorata interest in the trust is recorded at the fair value of the assets contributed to the trust and is temporarily restricted.

(6) Split interest agreements and interest in perpetual trust

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 prorata interest in the trust is recorded at the fair value of the assets contributed to the trust and is permanently restricted.

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.

It is possible that UWSL is the beneficiary of other split interest agreements of which it is not aware and has not recorded.

Perpetual trust

In March 2011 UWSL's beneficial interest in a trust was terminated when the donor organization petitioned the Third Judicial District Court for Salt Lake County to allow the termination of the original donation of the perpetual interest in the trust received by UWSL in 2001. As a result of the termination, the UWSL June 30, 2011 statement of financial position reflects a reduction in beneficial interests in charitable trusts of $1,346,639 with a corresponding expense in the statement of activities entitled "termination of beneficial interest in trust". No cash was required to be remitted back to the donor as a result of this termination, but UWSL will no longer be entitled to receive annual payments of 33.5% of 85% of the trust's net income.

(7) Payments due to agencies

Payments due to agency partners consist of funds awarded of $3,843,000 and donor contributions designated for partner agencies of $1,131,215, net of an allowance for uncollectible designated pledges of $71,128, at June 30, 2011. Payments due to agency partners consist of funds awarded of $4,942,844 and donor contributions designated for partner agencies of $1,027,935, net of an allowance for uncollectible designated pledges of $71,128, at June 30, 2010.

Payments due to other agencies consist of donor contributions designated for non-partner agencies of $92,431, net of an allowance for uncollectible designated pledges of $174,011 at June 30, 2011. Payments due to other agencies consist of donor contributions designated for non-partner agencies of $206,945, net of an allowance for uncollectible designated pledges of $68,461 at June 30, 2010. Payments due to other UWSLs are $475,329 and $410,447 at June 30, 2011 and 2010, respectively.

(8) Board designated net assets

Board designated net assets consist of board designated endowment funds of $674,691 and a reserve for the termination of the defined benefit pension plan of $200,000 at June 30, 2011.

(9) Temporarily restricted net assets

Temporarily restricted net assets at June 30 are available for the following purposes or periods:

	2011	2010
Cornerstone Partners	$ 1,842,670	$ 2,014,490
Other Community Impact Initiatives and Sponsorships	520,305	611,118
211 Call Center	345,000	-
EITC/VITA	252,398	281,406
Financial Literacy	201,468	563,096
Time Restricted	45,812	41,462
Community Learning Centers	-	841,950
Women's Philanthropic Network	-	504,173
Special Scout Funding	-	100,000
Total temporarily restricted net assets	$ 3,207,653	$ 4,957,695

(10) Permanently restricted net assets

Permanently restricted net assets consist of the following at June 30:

	2011	2010
Beneficial interests in charitable trusts	$ 36,125	$ 1,377,203
Children's Initiative Endowment Investment	50,000	50,000
Davis County Endowment Investment	35,307	35,307
Total permanently restricted net assets	$ 121,432	$ 1,462,510

(11) Endowment

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

(11) Endowment (continued)

Interpretation of relevant law - The Board of Directors of the UWSL has interpreted 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, the 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 the UWSL in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the 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 the UWSL
(7) The investment policies of the UWSL

Endowment net asset composition by type of fund as of June 30, 2011:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (9,270)	$ 232,304	$ 85,307	$ 308,341
Board-designated endowment funds	674,691	-	-	674,691
Total endowment net assets	$ 665,421	$ 232,304	$ 85,307	$ 983,032

(11) Endowment (continued)

Changes in endowment net assets for the fiscal year ended June 30, 2011:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 605,413	$ 208,129	$ 85,307	$ 898,849
Investment return:				
Investment income	965	388	-	1,353
Net appreciation (realized and unrealized)	59,043	23,787	-	82,830
Total investment return	60,008	24,175	-	84,183
Endowment net assets, end of year	$ 665,421	$ 232,304	$ 85,307	$ 983,032

Endowment net asset composition by type of fund as of June 30, 2010:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (11,501)	$ 208,129	$ 85,307	$ 281,935
Board-designated endowment funds	616,914	-	-	616,914
Total endowment net assets	$ 605,413	$ 208,129	$ 85,307	$ 898,849

Changes in endowment net assets for the fiscal year ended June 30, 2010:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 567,391	$ 192,811	$ 85,307	$ 845,509
Investment return:				
Investment income	6,653	2,680	-	9,333
Net appreciation (realized and unrealized)	31,369	12,638	-	44,007
Total investment return	38,022	15,318	-	53,340
Endowment net assets, end of year	$ 605,413	$ 208,129	$ 85,307	$ 898,849

(11) Endowment (continued)

Description of amounts classified as permanently restricted net assets and temporarily restricted net assets (endowment only) are as follows:

	2011	2010
Permanently restricted net assets		
The portion of perpetual endowment funds that is required to be retained permanently either by donor stipulation or by UPMIFA	$ 85,307	$ 85,307
Total endowment funds classified as permanently restricted net assets	$ 85,307	$ 85,307
Temporarily restricted net assets		
The portion of perpetual endowment funds subject to a time restriction under UPMIFA:		
With purpose restrictions	$ 232,304	$ 208,129
Total endowment funds classified as temporarily restricted net assets	$ 232,304	$ 208,129

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 the UWSL to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were $9,270 and $11,501 as of June 30, 2011 and 2010, respectively. These deficiencies resulted from unfavorable market fluctuations during the fiscal years ended June 30, 2011 and 2010, respectively.

Return objectives and risk parameters - The 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 source 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, the 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). The UWSL targets a diversified asset allocation that places a greater emphasis on equity-based investment to achieve its long-term return objectives within prudent risk constraints.

(11) 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 the 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 fiscal years ended June 30, 2011 and 2010.

(12) Community impact initiative contributions

Community impact initiative contributions consist of the following:

	Years Ended June 30,	
	2011	2010
Community development	$ 375,000	$ -
Community learning centers	317,654	247,656
211 Call Center	345,000	-
EITC/VITA	142,500	183,380
Education summit	50,000	-
Immigrant and refugee integration	42,500	52,380
Other	27,500	-
Prosperity centers	20,044	
Financial Literacy	7,500	69,408
Quarters for Christmas	5,750	66,000
Sealant for smiles	-	9,068
Total	$ 1,333,448	$ 627,892

(13) Grants to community partners

Grants to community partners consist of the following:

	Years Ended June 30, 2011	2010
Grants to impact partners	$ 3,817,856	$ 4,921,533
Community Learning Center grants	416,831	476,476
Immigration Integration grants	375,833	392,949
Community Development grants	321,600	-
Utah Saves grants	165,000	180,000
Special scout grants	100,000	100,000
EITC grants	73,200	73,200
Quarters for Christmas	5,742	66,000
Dental Sealant grants	-	50,000
SSBG Davis County agencies	-	38,820
Total	$ 5,276,062	$ 6,298,978

(14) Operating leases

UWSL leases office space and equipment under operating leases. The lease term for the office space is ten years commencing in April 2004 with monthly payments ranging from $8,313 to $14,050 over the lease term. The deferred rent liability arising from the escalating lease terms is amortized over the lease term. At June 30, 2011 and 2010, the deferred rent liability was $33,017 and $49,185, respectively. Lease expense for these leases was approximately $180,000 and $175,000 for the years ended June 30, 2011 and 2010, respectively.

Future minimum lease payments are as follows:

Years Ending June 30,	
2012	$ 180,300
2013	135,900
Total future minimum lease payments	$ 316,200

(15) 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 (FDIC). The accounts are held by banks and brokerage firms that are well established and highly regarded. UWSL has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on these balances.

(15) Concentrations of credit and market risks (continued)

UWSL also maintains accounts with stock brokerage firms and has beneficial interests in 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 ("SIPC") up to $500,000 with a $100,000 limit for cash. UWSL's investments in securities and beneficial interests in 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 that such change could materially affect the amounts reported in the financial statements.

The cash and investment balances are in compliance with the investment policy of UWSL and are overseen by the investment committee.

(16) Related party transactions

During the years ended June 30, 2011 and 2010, various board members' companies provided regular business services to the UWSL in accordance with the approved conflict of interest policy. These services included advertising services, banking services, group health insurance, and group life insurance consulting.

Annual dues are paid to UWSL of America. These totaled $123,631 and $105,002 for the years ended June 30, 2011 and 2010, respectively.

UWSL has entered into an arrangement with a commercial bank, which is also a significant donor to the UWSL, where by the UWSL has agreed to facilitate the bank's nationwide employee charitable stock donation campaign by allowing the bank to deposit its employees' donated stock into a UWSL brokerage account, sell the stock, and then distribute the stock sale proceeds to the charity designated by the employee donor. The bank absorbs all of the costs of the transactions and distributions and has indemnified UWSL against any liabilities arising out of this arrangement.

(17) Defined benefit pension plan

UWSL has a defined benefit pension plan covering substantially all of its employees. The benefits are based upon years of service and the employee's compensation. UWSL's funding policy is to contribute annually the amount needed to fund pension costs. Contributions are intended to provide not only for benefits attributed to service date but also for those expected to be earned in the near future. Employees are eligible to join the plan when they have been employed by UWSL for one year and worked 1,000 hours and are at least 21 years of age.

In November 2008 UWSL's Board of Directors approved a resolution to "freeze" the defined benefit pension plan effective December 31, 2008. The effect of this was to stop the accrual of future benefits under the plan. Furthermore, no future employees or currently inactive plan participants will become active plan participants, all active plan participants became fully vested, no future accrual service will be or was credited and no future changes in compensation will be or was taken into account in determining a participant's accrued benefits. In October 2009, UWSL's Board of Directors approved a resolution to terminate the defined benefit pension plan effective December 31, 2009 and to liquidate the plan in accordance with the terms and conditions of the plan and

(17) Defined benefit pension plan (continued)

any rules or regulations promulgated by the Pension Benefit Guaranty Corporation and the Internal Revenue Service. The UWSL has applied to the IRS to terminate the plan; and subsequently to June 30, 2011, the IRS approved the termination of the plan.

The following presents the change in benefit obligation, change in fair value of plan assets, and funded status of the pension plan and amounts recognized in the statements of financial position as of June 30:

	2011	2010
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 1,384,305	$ 1,164,282
Service cost	-	-
Interest cost	75,725	72,330
Actuarial loss	176,196	150,479
Benefits paid	(2,468)	(2,786)
Benefit obligation at end of year	$ 1,633,758	$ 1,384,305

	2011	2010
Change in fair value of plan assets:		
Fair value of plan assets at beginning of year	$ 1,333,720	$ 1,168,870
Actual return on plan assets	16,050	137,636
Employer contributions	-	30,000
Benefits paid	(2,468)	(2,786)
Fair value of plan assets at end of year	1,347,302	1,333,720
Funded status recognized as an asset (liability) in the statements of financial position	$ (286,456)	$ (50,585)

The liability for pension benefits at June 30, 2011 and 2010 is included in other liabilities in the statements of financial position.

The accumulated benefit obligation for the defined benefit pension plan was $1,633,758 at June 30, 2011 and the net periodic benefit cost recognized as change in net assets was $37,285 for the year ended June 30, 2011. The UWSL's expected minimum contribution for July 1, 2011 through June 30, 2012 is estimated to be $-0-. At June 30, 2011, there were 40 total active and terminated vested defined benefit pension plan participants. The accumulated benefit obligation for the defined benefit pension plan was $1,384,305 at June 30, 2010 and the net periodic benefit cost recognized as change in net assets was $16,912 for the year ended June 30, 2010. At June 30, 2010, there were 42 total active and terminated vested defined benefit pension plan participants.

(17) Defined benefit pension plan (continued)

The following presents the components of net periodic benefit cost for the plan:

	2011	2010
Service cost	$ -	$ -
Interest cost	75,725	72,330
Expected return on plan assets	(66,311)	(78,674)
Amortization of net loss	27,871	23,256
Net periodic benefit cost	$ 37,285	$ 16,912

Amounts recognized as changes in unrestricted net assets that have not yet been recognized as components of net periodic benefit cost consist of:

	2011	2010
Net loss	$ 198,586	$ 68,261
Prior service cost	-	-
Reduction of unrestricted net assets	$ 198,586	$ 68,261

Amounts in unrestricted net assets that are expected to be recognized as a component of net periodic benefit cost over the upcoming fiscal year:

	2011	2010
Amortization of net loss	$ 44,526	$ 27,871
Amortization of prior service cost	-	-
	$ 44,526	$ 27,871

Weighted average assumptions for the plan are as follows:

	2011	2010
Used to determine benefit obligation at year-end:		
Discount rate	4.75%	5.50%
Rate of compensation increase	N/A	N/A
Used to determine net periodic benefit cost for the years ended June 30:		
Discount rate	5.50%	6.25%
Expected return on plan assets	5.00%	8.00%
Rate of compensation increase	N/A	N/A

(17) <u>Defined benefit pension plan (continued)</u>

The discount rate used for 2011 is a single rate that estimates plan termination basis based on known rate information as of September 2011. The discount rate used reflects a weighted rate based on current lump sum rates and current estimated annuity purchase rates. It is assumed that 85% of participants elect a lump sum and 15% elect an annuity when the plan distributes plan assets to participants. The discount rate used for 2010 reflects expected future cash flow based on the funding valuation assumptions and participant data as of the beginning of the plan year. The expected future cash flow is discounted by the Citigroup Pension Liability Index yield curve for the month preceding the fiscal year end. The resulting discount rate is the single rate that produces an equivalent liability, rounded to the nearest 0.25%. The Citigroup yield curve for June 2010 has been used because it is well documented, and has been specifically designed to help pension funds comply with statutory funding guidelines laid out by the Securities and Exchange Commission. The 30 year rate has been used for expected cash flow beyond 30 years. Historical and future expected returns of multiple asset classes were analyzed to develop a risk-free real rate of return and risk premiums for each asset class. The expected long-term return on plan assets assumption was developed as a weighted average rate based on the target asset allocation of the plan and the long-term capital market assumptions. The overall return for each asset class was developed by combining a long-term inflation component and the associated expected real rates. The development of the capital market assumptions utilized a variety of methodologies, including, but not limited to, historical analysis, stock valuation models such as dividend discount models and earnings yields' models, expected economic growth outlook, and market yields analysis.

The UWSL's pension plan weighted-average asset allocations at June 30 by asset category are as follows:

	2011	2010
Short-term fixed income	100%	0%
Equity securities	0%	14%
Debt securities	0%	80%
Real estate	0%	6%
Total	100%	100%

The UWSL's investment policy for plan assets is to manage the portfolio to preserve principal and liquidity while maximizing the return on the investment portfolio through the full investment of available funds. The plan's investment strategy is based on the investment objectives and the risk and return expectations of asset classes appropriate for the plan. Investment objectives have been established by considering the plan's liquidity needs and future obligations expectations. The asset allocation strategy is developed to meet the plan's long-term needs in a manner designed to control volatility and to reflect risk tolerance. The expected rate of return on plan assets is determined by the plan assets' historical long-term investment performance, current asset allocation, and estimates of future long-term returns by asset class. Management meets with the plan advisors annually to revisit the investment strategy and asset allocations. Due to the impending termination of the defined benefit plan, the Investment Committee has

(17) Defined benefit pension plan (continued)

mandated that the investment mix be reallocated to a conservative status pending the entire liquidation of the pension assets. This allocation will continue until the plan is liquated in order to protect the plan assets and reduce exposure to equity market fluctuations.

The following payments are expected to be paid to pension plan participants over the next ten fiscal years:

Year ending June 30,	
2012	$ 1,633,758
2013	-
2014	-
2015	-
2016	-
2017-2021	-
	$ 1,633,758

The fair values of the UWSL's pension plan assets at June 30, 2011, by asset class are as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of June 30, 2011
Short-term fixed income	$ -	$ 1,347,302	$ -	$ 1,347,302
Total	$ -	$ 1,347,302	$ -	$ 1,347,302

Short-term fixed income consists mainly of short term securities such as commercial paper. The majority of the underlying securities have observable level 1 or 2 pricing inputs, including quoted prices for similar assets in active or non-active markets. Most of the security prices were obtained from a pricing service, Interactive Data Corporation (IDC).

There were no pension plan assets measured at fair value on a recurring basis using significant unobservable inputs as of June 30, 2011.

(17) Defined benefit pension plan (continued)

The fair values of the UWSL's pension plan assets at June 30, 2010, by asset class are as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of June 30, 2010
Equity securities	$ -	$ 186,365	$ -	$ 186,365
Debt securities	-	1,069,226	-	1,069,226
Real estate	-	-	78,129	78,129
Total	$ -	$ 1,255,591	$ 78,129	$ 1,333,720

Equity securities consist mainly of domestic stocks. The majority of the underlying securities have observable level 1 quoted pricing inputs. Most of the security prices were obtained from a pricing service, IDC. While the underlying assets values are quoted prices, the NAV of a separate account is not publicly quoted. Debt securities consist mainly of short term securities such as commercial paper. The majority of the underlying securities have observable level 1 or 2 pricing inputs, including quoted prices for similar assets in active or non-active markets. Most of the security prices were obtained from a pricing service, IDC. The fair value of the underlying real estate is estimated using discounted cash flow valuation models that utilize public real estate market data inputs such as transaction prices, market rents, vacancy levels, leasing absorption, market cap rates and discount rates. In addition, each property is appraised annually by an independent investment advisor.

Pension plan assets measured at fair value on a recurring basis using significant unobservable inputs during the year ended June 30, 2010 are as follows:

	Beginning Balance	Total Realized and Unrealized Gains or (Losses)	Purchases, Sales, Other Settlements and Issuances, net	Net Transfers In and/or (out) of Level 3	Ending Balance
Real estate	$ 85,851	$ (7,722)	$ -	$ -	$ 78,129

(18) Retirement plan

UWSL also sponsors a 403(b) plan, which reports on a calendar year. Benefits under the plan are provided through a group annuity contract. Twenty-seven individuals participate in the plan and were beneficiaries of the plan during the year. As of June 30, 2011, and for the year then ended, net assets of the plan totaled approximately $683,543, employer contributions were $27,911, employee contributions were approximately $78,020 and distributions from the plan were approximately $89,953. As of June 30, 2010, and for the year then ended, net assets of the plan totaled approximately $509,673, employer contributions were $27,882, employee contributions were approximately $59,168 and distributions from the plan were approximately $147,625.

(19) Fair value measurements

The following fair value hierarchy table presents information about the UWSL's assets measured at fair value on a recurring basis as of June 30, 2011 and 2010. See Note 1 for a discussion of the UWSL's policies regarding this fair value hierarchy.

Assets measured at fair value on a recurring basis as of June 30, 2011 are as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of June 30, 2011
Certificates of deposit	$ 5,522,613	$ -	$ -	$ 5,522,613
Corporate securities	642,072	-	-	642,072
Corporate bonds	14,036	-	-	14,036
Mutual funds - bonds	221,382	-	-	221,382
Mutual funds - securities	355,015	-	-	355,015
Beneficial interests in charitable trusts	-	-	73,342	73,342
Total	$ 6,755,118	$ -	$ 73,342	$ 6,828,460

(19) Fair value measurements (continued)

Beneficial interests in charitable trusts measured at fair value on a recurring basis as of June 30, 2011 are as follows:

	Beginning Balance	Total Realized and Unrealized Gains or (Losses)	Purchases, Sales, Other Settlements and Issuances, net	Net Transfers In and/or (out) of Level 3	Ending Balance
Beneficial interests in charitable trusts	$ 1,411,753	$ 8,228	$ (1,346,639)	$ -	$ 73,342

Assets measured at fair value on a recurring basis as of June 30, 2010 are as follows:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of June 30, 2010
Certificates of deposit	$ 5,644,614	$ -	$ -	$ 5,644,614
Corporate securities	225,271	-	-	225,271
Mutual funds - securities	258,626	-	-	258,626
Beneficial interests in charitable trusts	-	-	1,411,753	1,411,753
Total	$ 6,128,511	$ -	$ 1,411,753	$ 7,540,264

Beneficial interests in charitable trusts measured at fair value on a recurring basis as of June 30, 2010 are as follows:

	Beginning Balance	Total Realized and Unrealized Gains or (Losses)	Purchases, Sales, Other Settlements and Issuances, net	Net Transfers In and/or (out) of Level 3	Ending Balance
Beneficial interests in charitable trusts	$ 1,487,104	$ (75,351)	$ -	$ -	$ 1,411,753

(20) Subsequent events

As stated above in note 17, subsequent to June 30, 2011, the IRS approved the pension plan termination.

CERTIFICATIONS

United Way of Salt Lake
serving Davis, Salt Lake, Summit, and Tooele Counties

GIVE. ADVOCATE. VOLUNTEER.
LIVE UNITED. United Way

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, 2011.
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, 2011.

Deborah S. Bayle — 10-13-11

Deborah S. Bayle, President and CEO — Date

10/13/2011

Kevin Grimmett, Chief Financial Officer — Date

175 S. West Temple, Suite 30 | Salt Lake City, Utah 84101-1424 | tel 801.736.8929 | fax 801.736.7800 | www.uw.org