

**United Way of East Central Iowa, Inc.
and Related Entities**

Consolidated Financial Report
June 30, 2011

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Independent Auditor's Report

Board of Directors
United Way of East Central Iowa, Inc.
Cedar Rapids, Iowa

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

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

Cedar Rapids, Iowa
September 28, 2011

**United Way of East Central Iowa, Inc.
and Related Entities**

**Consolidated Statements of Financial Position
June 30, 2011 and 2010**

Assets	2011	2010
Current Assets:		
Cash and cash equivalents	\$ 2,646,704	\$ 4,157,275
Certificates of deposit	2,550,020	1,677,535
Receivables:		
Pledges and grants, net (Note 3)	4,459,532	9,910,723
Accrued interest	9,425	10,837
Miscellaneous	360,655	55,069
Prepaid expenses	30,006	34,748
Investments (Notes 5 and 6)	1,588,240	1,241,401
Property and equipment, net (Note 4)	14,021,159	8,993,176
Undivided beneficial interest in property (Note 2)	440,000	440,000
Total assets	\$ 26,105,741	\$ 26,520,764

Liabilities and Net Assets

Liabilities:		
Allocations and grants payable:		
Agency allocations	\$ 6,649,012	\$ 6,592,534
Initiative fund grants	497,026	200,626
Donor designations	502,014	470,161
Accounts payable	98,417	2,349,863
Accrued expenses	181,081	137,777
Amounts held on behalf of others (Note 1)	90,453	-
Total liabilities	8,018,003	9,750,961

Commitments (Note 11)

Net Assets (Notes 7, 8 and 9):

Unrestricted:		
Undesignated	5,734,071	840,479
Designated	658,490	431,191
Total unrestricted	6,392,561	1,271,670
Temporarily restricted	11,351,526	15,154,482
Permanently restricted	343,651	343,651
Total net assets	18,087,738	16,769,803
Total liabilities and net assets	\$ 26,105,741	\$ 26,520,764

See Notes to Consolidated Financial Statements.

**United Way of East Central Iowa, Inc.
and Related Entities**

**Consolidated Statements of Activities
Years Ended June 30, 2011 and 2010**

	2011			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Support and revenue:				
Campaign results in prior period, released from restriction	\$ 298,480	\$ (298,480)	\$ -	\$ -
Gross campaign results in current period	10,182,803	328,852	-	10,511,655
Less donor designations	1,370,165	-	-	1,370,165
Campaign revenue	8,812,638	328,852	-	9,141,490
Less provision for uncollectible pledges	21,003	-	-	21,003
Net campaign revenue in current period	8,791,635	328,852	-	9,120,487
Total net campaign revenue	9,090,115	30,372	-	9,120,487
Grants from governmental agencies	-	-	-	-
Capital campaign contributions, less allowance 2011 \$5,905; 2010 \$37,682	512,871	-	-	512,871
Other contributions, including donated rent	403,234	345,070	-	748,304
Flood contributions	-	-	-	-
Donor designation fees	91,166	-	-	91,166
Investment income (Note 5)	142,944	119,540	-	262,484
Rental income (Note 12)	167,285	-	-	167,285
Special events	13,686	-	-	13,686
Sponsorships	65,860	51,505	-	117,365
Miscellaneous income	56,296	-	-	56,296
(Gain) loss on disposal of equipment	(4,885)	-	-	(4,885)
Net assets released from restrictions	4,349,443	(4,349,443)	-	-
Total support and revenue	14,888,015	(3,802,956)	-	11,085,059
Expenses:				
Program services:				
Allocation services	6,875,577	-	-	6,875,577
Flood recovery	-	-	-	-
Labor community services	64,189	-	-	64,189
Community impact	393,875	-	-	393,875
Corridor volunteers	118,850	-	-	118,850
Retired Senior Volunteer Program (RSVP)	129,400	-	-	129,400
Kidz on Course	29,649	-	-	29,649
FCFH	406,351	-	-	406,351
Total program services	8,017,891	-	-	8,017,891
Supporting activities:				
Organizational administration	398,664	-	-	398,664
Fund raising	684,327	-	-	684,327
Marketing and communications	219,320	-	-	219,320
HSCECI	446,922	-	-	446,922
Total supporting activities	1,749,233	-	-	1,749,233
Total expenses	9,767,124	-	-	9,767,124
Total support and revenue over (under) expenses	5,120,891	(3,802,956)	-	1,317,935
Contribution of FCFH net assets	-	-	-	-
Change in net assets	5,120,891	(3,802,956)	-	1,317,935
Net assets:				
Beginning	1,271,670	15,154,482	343,651	16,769,803
Ending	\$ 6,392,561	\$ 11,351,526	\$ 343,651	\$ 18,087,738

See Notes to Consolidated Financial Statements.

2010

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 343,467	\$ (343,467)	\$ -	\$ -
10,018,049	247,990	-	10,266,039
1,232,087	-	-	1,232,087
8,785,962	247,990	-	9,033,952
292,287	-	-	292,287
8,493,675	247,990	-	8,741,665
8,837,142	(95,477)	-	8,741,665
-	10,000,000	-	10,000,000
-	3,849,443	-	3,849,443
222,893	-	-	222,893
500	-	-	500
88,315	-	-	88,315
104,665	117,934	-	222,599
9,150	-	-	9,150
51,287	50,491	-	101,778
30,115	-	-	30,115
85,015	(85,015)	-	-
9,429,082	13,837,376	-	23,266,458
6,804,135	-	-	6,804,135
10,313	-	-	10,313
77,777	-	-	77,777
361,650	-	-	361,650
90,485	-	-	90,485
-	-	-	-
-	-	-	-
375,519	-	-	375,519
7,719,879	-	-	7,719,879
490,765	-	-	490,765
621,961	-	-	621,961
196,567	-	-	196,567
124,817	-	-	124,817
1,434,110	-	-	1,434,110
9,153,989	-	-	9,153,989
275,093	13,837,376	-	14,112,469
242,932	-	-	242,932
518,025	13,837,376	-	14,355,401
753,645	1,317,106	343,651	2,414,402
\$ 1,271,670	\$ 15,154,482	\$ 343,651	\$ 16,769,803

**United Way of East Central Iowa, Inc.
and Related Entities**

**Consolidated Statements of Functional Expenses
Year Ended June 30, 2011**

	Program Services						
	Allocation Services	Labor Community Services	Community Building	Volunteer Management	Retired Sr Volunteer Program	Kids on Course	FCFH
Allocations and awards	\$ 7,671,567	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less donor designations	1,370,165	-	-	-	-	-	-
	6,301,402	-	-	-	-	-	-
Time-limited grants/agency enhancement	1,931	-	-	-	-	-	-
Initiative fund grants	572,244	-	-	-	-	-	317,610
Subtotal	6,875,577	-	-	-	-	-	317,610
Salaries	-	32,649	238,930	60,926	62,073	21,499	43,677
Payroll taxes	-	2,035	17,179	4,499	4,146	1,236	3,194
Employee benefits	-	13,963	44,848	9,642	16,939	3,243	4,700
Subtotal	-	48,647	300,957	75,067	83,158	25,978	51,571
Contract Services	-	854	15,861	1,303	2,198	381	950
Supplies	-	288	1,585	430	1,546	180	135
Telephone	-	330	1,823	537	664	575	6,836
Postage and shipping	-	86	180	141	1,294	35	108
Donated services and materials	-	-	-	-	-	-	18,051
Occupancy	-	582	8,474	2,108	1,470	88	-
Repairs and maintenance	-	601	2,932	915	290	72	1,000
Transportation	-	767	3,000	330	29,271	-	1,635
Conferences	-	2,231	3,941	2,143	983	128	3,280
Organizational dues	-	61	375	269	260	27	575
Publications, printing, subscriptions	-	677	9,610	1,798	1,413	396	2,180
Awards	-	10	159	16	1,207	5	-
Special projects	-	1,740	2,462	13,912	180	33	-
Advertising	-	341	199	3,044	263	18	-
Miscellaneous	-	311	3,720	420	709	887	308
Computer expenses	-	1,010	5,224	6,541	3,046	771	2,112
Depreciation	-	563	8,540	2,113	1,448	75	-
Payments to affiliates (UWW)	-	5,090	24,833	7,763	-	-	-
Subtotal	-	15,542	92,918	43,783	46,242	3,671	37,170
Total expenses	\$ 6,875,577	\$ 64,189	\$ 393,875	\$ 118,850	\$ 129,400	\$ 29,649	\$ 406,351

See Notes to Consolidated Financial Statements.

Total Program Services	Supporting Activities				Total Supporting Activities	Total
	Organizational Administration	Fund Raising	Marketing/ Communications	HSCECI		
\$ 7,671,567	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,671,567
1,370,165	-	-	-	-	-	1,370,165
6,301,402	-	-	-	-	-	6,301,402
1,931	-	-	-	-	-	1,931
889,854	-	-	-	-	-	889,854
7,193,187	-	-	-	-	-	7,193,187
459,754	226,125	385,550	90,301	-	701,976	1,161,730
32,289	16,301	28,223	6,535	-	51,059	83,348
93,335	38,917	74,955	16,203	-	130,075	223,410
585,378	281,343	488,728	113,039	-	883,110	1,468,488
21,547	42,625	11,432	13,134	67,344	134,535	156,082
4,164	2,068	3,134	751	-	5,953	10,117
10,765	1,701	2,380	664	-	4,745	15,510
1,844	3,303	4,899	470	229	8,901	10,745
18,051	722	19,417	29,500	74,609	124,248	142,299
12,722	7,829	9,571	2,935	121,777	142,112	154,834
5,810	5,032	4,178	1,142	15,026	25,378	31,188
35,003	256	927	-	-	1,183	36,186
12,706	1,920	5,406	1,248	-	8,574	21,280
1,567	256	1,467	167	500	2,390	3,957
16,074	10,816	30,026	17,134	-	57,976	74,050
1,397	94	1,763	20	-	1,877	3,274
18,327	2,002	29,718	12,165	3,348	47,233	65,560
3,865	1,670	11,586	10,665	-	23,921	27,786
6,355	3,356	7,260	1,743	1,773	14,132	20,487
18,704	4,630	7,449	1,920	720	14,719	33,423
12,739	7,903	9,595	2,951	161,596	182,045	194,784
37,686	21,138	35,391	9,672	-	66,201	103,887
239,326	117,321	195,599	106,281	446,922	866,123	1,105,449
\$ 8,017,891	\$ 398,664	\$ 684,327	\$ 219,320	\$ 446,922	\$ 1,749,233	\$ 9,767,124

**United Way of East Central Iowa, Inc.
and Related Entities**

**Consolidated Statements of Functional Expenses
Year Ended June 30, 2010**

	Program Services						Total Program Services
	Allocation Services	Flood Recovery	Labor Community Services	Community Building	Volunteer Management	FCFH	
Allocations and awards	\$ 7,774,323	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,774,323
Less donor designations	1,232,087	-	-	-	-	-	1,232,087
	6,542,236	-	-	-	-	-	6,542,236
Time-limited grants/agency enhancement	740	-	-	-	-	-	740
Initiative fund grants	261,159	-	-	-	-	302,534	563,693
Subtotal	6,804,135	-	-	-	-	302,534	7,106,669
Salaries	-	6,365	37,023	213,122	49,915	43,591	350,016
Payroll taxes	-	439	2,924	15,012	3,640	3,160	25,175
Employee benefits	-	1,785	4,976	39,661	5,369	4,681	56,472
Subtotal	-	8,589	44,923	267,795	58,924	51,432	431,663
Contract services	-	15	17,152	7,711	248	3,020	28,146
Supplies	-	47	246	2,285	501	60	3,139
Telephone	-	57	450	1,921	632	1,221	4,281
Postage and shipping	-	20	249	1,019	311	89	1,688
Donated services and materials	-	-	-	8,000	-	5,250	13,250
Occupancy	-	494	2,371	23,076	1,222	-	27,163
Repairs and maintenance	-	53	279	1,660	476	-	2,468
Transportation	-	-	1,790	1,610	100	1,369	4,869
Conferences	-	-	648	3,673	2,956	1,986	9,263
Organizational dues	-	4	19	164	73	500	760
Publications, printing, subscriptions	-	51	537	7,314	1,223	3,446	12,571
Awards	-	-	-	185	-	-	185
Special projects	-	3	3,259	261	10,996	858	15,377
Advertising	-	-	500	-	-	-	500
Miscellaneous	-	8	236	1,640	202	228	2,314
Computer expenses	-	154	812	7,692	5,263	2,684	16,605
Depreciation	-	117	615	3,664	1,051	802	6,249
Payments to affiliates (UWW)	-	701	3,691	21,980	6,307	40	32,719
Subtotal	-	1,724	32,854	93,855	31,561	21,553	181,547
Total expenses	\$ 6,804,135	\$ 10,313	\$ 77,777	\$ 361,650	\$ 90,485	\$ 375,519	\$ 7,719,879

Supporting Activities					
Organizational Administration	Fund Raising	Marketing/ Communications	HSCECI	Total Supporting Activities	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,774,323
-	-	-	-	-	1,232,087
-	-	-	-	-	6,542,236
-	-	-	-	-	740
-	-	-	-	-	563,693
-	-	-	-	-	7,106,669
282,144	367,721	91,958	-	741,823	1,091,839
19,455	26,734	6,708	-	52,897	78,072
49,032	58,874	14,501	-	122,407	178,879
350,631	453,329	113,167	-	917,127	1,348,790
41,799	987	14,435	37,226	94,447	122,593
3,134	3,304	802	-	7,240	10,379
3,170	3,007	812	-	6,989	11,270
4,369	9,033	1,357	104	14,863	16,551
7,405	15,794	20,400	84,354	127,953	141,203
9,625	16,742	6,073	-	32,440	59,603
3,624	2,592	706	-	6,922	9,390
1,085	1,261	33	-	2,379	7,248
8,241	2,363	684	-	11,288	20,551
1,098	1,148	48	-	2,294	3,054
12,086	8,763	9,365	-	30,214	42,785
-	1,424	-	-	1,424	1,609
4,976	26,498	7,413	1,740	40,627	56,004
243	18,277	7,668	-	26,188	26,688
6,446	7,000	647	128	14,221	16,535
6,178	10,405	2,056	689	19,328	35,933
3,810	5,720	1,558	576	11,664	17,913
22,845	34,314	9,343	-	66,502	99,221
140,134	168,632	83,400	124,817	516,983	698,530
\$ 490,765	\$ 621,961	\$ 196,567	\$ 124,817	\$ 1,434,110	\$ 9,153,989

**United Way of East Central Iowa, Inc.
and Related Entities**

**Consolidated Statements of Cash Flows
Years Ended June 30, 2011 and 2010**

	2011	2010
Cash Flows from Operating Activities:		
Change in net assets	\$ 1,317,935	\$ 14,355,401
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	194,784	17,913
Loss on sale of property and equipment	4,885	
Land donation	-	(1,420,000)
Grant from IJOBS for HSCECI building	-	(5,099,304)
Noncash reinvested investment income	(37,393)	(28,224)
Net (appreciation) in fair value of investments	(146,628)	(120,315)
Change in beneficial interest in assets held by community foundation	(19,179)	(12,720)
Provision for uncollectible pledges	4,983	329,969
Changes in assets and liabilities:		
Decrease (increase) in receivables	5,142,034	(5,479,247)
Decrease (increase) in prepaid expenses	4,742	(17,519)
Increase in allocations and grants payable	384,731	102,177
Increase in accounts payable	19,051	3,844
Increase (decrease) in accrued expenses	43,304	(3,982)
Net cash provided by operating activities	6,913,249	2,627,993
Cash Flows from Investing Activities:		
Proceeds from sales of investments	380,134	236,157
Purchases of investments	(350,384)	(201,786)
Redemptions of certificates of deposit	1,677,535	1,677,535
Purchase of certificates of deposit	(2,550,020)	(1,677,535)
Grant from IJOBS for HSCECI building	-	5,099,304
Contributions to beneficial interest in asset held by community foundation	(173,389)	-
Purchase of property and equipment	(7,498,149)	(5,258,773)
Net cash (used in) investing activities	(8,514,273)	(125,098)
Cash Flows from Financing Activities:		
Proceeds on note payable	-	1,126,821
Repayment of note payable	-	(1,126,821)
Increase in amounts raised on behalf of others	90,453	-
Net cash provided by financing activities	\$ 90,453	\$ -

(Continued)

**United Way of East Central Iowa, Inc.
and Related Entities**

**Consolidated Statements of Cash Flows (Continued)
Years Ended June 30, 2011 and 2010**

	2011	2010
Net (decrease) increase in cash and cash equivalents	\$ (1,510,571)	\$ 2,502,895
Cash and cash equivalents:		
Beginning	<u>4,157,275</u>	1,654,380
Ending	<u>\$ 2,646,704</u>	<u>\$ 4,157,275</u>
Supplemental schedule of noncash investing activities, construction in progress included in accounts payable	\$ -	\$ 2,270,497

See Notes to Consolidated Financial Statements.

**United Way of East Central Iowa, Inc.
and Related Entities**

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies

Reporting entity:

The accompanying financial statements include the accounts of United Way of East Central Iowa, Inc. (UWECI) and its affiliated organizations, Human Services Campus of East Central Iowa (HSCECI) and FCFH-Iowa, Inc. (FCFH). UWECI, HSCECI and FCFH are separate legal entities.

UWECI is a perpetual, nonprofit corporation created under the provisions of the Iowa Nonprofit Corporation Act. The objective of the UWECI is to provide a means by which contributions can be made annually in gifts and pledges to charitable health and welfare organizations, to provide for the budgeting and allocation of funds derived from said gifts and pledges to tax exempt agencies and to provide for the planning of health, welfare and other services in order to most efficiently meet the needs of the community and the area.

HSCECI is a perpetual, nonprofit corporation created as a nonprofit membership corporation in the State of Iowa, effective July 8, 2009. The objective of HSCECI is to develop and operate a building and facilities for the use of the tax-exempt not for profit corporations organized and operated primarily to meet the human service needs in East Central Iowa. HSCECI has been consolidated into the financial statements as UWECI has an economic interest in HSCECI and upon dissolution the remaining assets of HSCECI would be transferred to UWECI, or its successor.

FCFH is a perpetual, nonprofit corporation created under the provisions of the Iowa Nonprofit Corporation Act. The organization was established April 29, 2004 and the board of directors was made up of several members, which included one member from UWECI. Effective July 16, 2009, UWECI is the sole member of FCFH and therefore has been consolidated. The objective of FCFH is to organize, develop, operate and promote a centralized information, referral and help line serving multiple health and human service needs on a regional basis through a tax-exempt, nonprofit entity.

Collectively, UWECI, HSCECI and FCFH are referred to as the "Organization."

The Organization's fiscal year ends on June 30. Significant accounting policies followed by the Organization are presented below.

Significant accounting policies:

Consolidation: The consolidated financial statements include the accounts of UWECI and its related parties discussed above. All significant intercompany balances and transactions have been eliminated.

Accounting estimates: The preparation of financial statements in conformity with 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, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Basis of presentation: The Organization presents its financial statements based on guidance established for external reporting by not-for-profit organizations which requires that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions.

**United Way of East Central Iowa, Inc.
and Related Entities**

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Net assets: Net assets are classified based on the existence or absence of donor-imposed restrictions. The following is a description of each class:

Unrestricted net assets includes all net assets which are neither temporarily or permanently restricted. If the Board of Directors specifies a purpose where none has been stated by the original donor, such funds are classified as designated unrestricted funds.

Temporarily restricted net assets includes contributed net assets for which donor-imposed time and purpose restrictions have not been met and the ultimate purpose of the contribution is not permanently restricted. For donor-restricted endowment funds, the Organization classifies the portion of the fund in excess of the permanently restricted amounts as temporarily restricted until appropriated for expenditure by the Organization.

Permanently restricted net assets includes contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Description of programs:

Allocation Services. To identify needs and to allocate resources to assist our community.

Flood Recovery. To identify needs and to allocate resources to assist our community with flood recovery.

Labor Community Services. The purpose of this program is to educate union workers about available local services and to refer and assist them in accessing those services. The program coordinates dislocated worker programs and supports and participates in resource development within the labor community.

Community Building. Community impact volunteers and staff have the responsibility for recommending to the Board of Directors how to allocate funds raised through the annual campaign. The Community Impact Cabinet sets policies and procedures for the operations of the following processes: partner agency program funding, initiative funding and, when applicable, specific project funding.

Volunteer Management. Community volunteer coordinator oversees work done through East Central Iowa Volunteer Center, particularly the thousands of service hours for flood recovery. Also manages Corridor Volunteers website, an online service that matches volunteers with volunteer opportunities in the Cedar Rapids/Iowa City Corridor. Corridor Volunteers builds connections between members of the Corridor community by fostering volunteerism.

Retired Senior Volunteer Program (RSVP). RSVP of Linn and Jones Counties engages adults, age 55 and older, in volunteer services which meet the critical community needs that impact citizens of all ages, while providing a high quality experience that will enrich the lives of volunteers. RSVP has approximately 500 members who volunteer for nearly 80 partner agencies in a wide variety of jobs, contributing over 75,000 hours of service annually.

**United Way of East Central Iowa, Inc.
and Related Entities**

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Kids on Course. The purpose of this program is to promote and provide rich cultural experiences and enrichment opportunities to students and families in the Cedar Rapids Community School District. The program will advocate for students by nurturing their interests and providing opportunities to foster confidence and realize academic and individual potential. The program receives funding from the Zach Johnson Foundation that is contingent on the success and growth of the program. It is anticipated that the Organization will receive funding from the Zach Johnson Foundation in the upcoming two years to help support the program.

FCFH. The purpose is a centralized help line to service the over 834,000 residents in its 24-county service area.

Cash and cash equivalents: The Organization considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The Organization has concentrated its credit risk for cash by maintaining deposits in two banks in excess of the federally insured amount. Total cash held by the two banks was \$1,042,556 as of June 30, 2011. The Organization also maintains a sweep account with two banks. The Organization entered into a repurchase agreement with the banks, in which the banks have pledged specific collateral covering all funds invested. The Organization has a balance of \$2,627,785 on deposit in sweep accounts as of June 30, 2011.

Certificates of deposit: Certificates of deposit are carried at cost, with interest earned included in total investment income. All certificates of deposit mature at various periods through April 2013.

Receivables: Pledges and grants receivable (unconditional promises to give) are recorded as receivables and as support when received. Pledges and grants receivable due in the next year are recorded at net realizable value. Multi-year pledges and grants receivable are recorded at the present value of their net realizable value, using discount interest rates applicable to the years in which the promises are received.

The carrying amount of receivables is net of an allowance for doubtful accounts. The allowance for uncollectible pledges is computed based upon a historical average, adjusted by management estimates of current economic factors and their analysis of specific pledges receivable. A shrinkage amount is determined for each annual gross campaign, including donor designations. The shrinkage percentage applied to the gross campaign for the years ended June 30, 2011 and 2010 was 4% and 5%, respectively. The actual shrinkage amount could differ from these estimates.

Grants are recorded at the time all conditions have been met. During the year ended June 30, 2010, the State of Iowa I-JOBS program grant was for the HSCECI building project (see Note 4).

Investments: Investments are carried at fair value. Investment income (loss), including realized and unrealized gains and losses, is reported in the statements of activities as an increase or decrease in unrestricted or temporarily restricted net asset based on the intention stipulated by the donor.

The organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect investment balances and the amounts reported in the Statement of Financial Position.

**United Way of East Central Iowa, Inc.
and Related Entities**

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Property and equipment: Purchased property and equipment are recorded at cost while donated property and equipment are recorded at estimated fair value at the date of gift. Depreciation is computed utilizing the straight-line method over the estimated useful lives of the assets which range from four to ten years for furniture, fixtures and equipment and thirteen years for leasehold improvements. Land is considered to have an indefinite useful life and is not depreciated or amortized.

Impairment of long-lived assets: The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate 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 undiscounted net 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 carrying amount or the fair value less costs to sell. At June 30, 2011 and 2010, there were no indications of impairment.

Allocations of agencies: Allocations payable are recorded as a liability at the point they are approved. As of June 30, 2011, allocations of a 12 month period, payable subsequent to June 30, 2011, has been approved and were recorded as an expense and as a liability.

Revenue recognition: Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in temporarily restricted net assets until appropriated by the Board of Directors. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions: Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions with donor-imposed restrictions that are met within the same reporting period are reported as temporarily restricted revenue, and a reclassification to unrestricted net assets is made to reflect the expiration of such restrictions.

Contributions to be received after one year are discounted at an appropriate discount rate which incorporates the current risk-free discount rate and the credit risk of the donor. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment, including such factors as prior collection history.

Contributions of land and equipment without donor restrictions concerning the use of such long-lived assets are reported as revenue of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire land and equipment are reported as revenue of the temporarily restricted net asset class; the restrictions are considered to be released at the time the asset is placed into service.

Agency transactions: Certain funds can be designated by donors to United Way agencies, nonaffiliated organizations, churches, other governmental agencies or not-for-profit entities. United Way has adopted a policy of reflecting these contributions in the campaign results in the statements of activities. These contributions are then deducted to reflect the amount of revenue recognized under accounting principles generally accepted in the United States of America. The total amount raised on behalf of others for the years ended June 30, 2011 and 2010 was \$1,370,165 and \$1,232,087, respectively.

**United Way of East Central Iowa, Inc.
and Related Entities**

Notes to Consolidated Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Income taxes: The Organization is exempt from income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code. As such, the Organization is taxed only on its unrelated business income. Management has determined the Organization did not receive any unrelated business income for the years ended June 30, 2011 and 2010. The Organization is not a private foundation under provisions of section 509(a) of the Internal Revenue Code.

When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would ultimately be sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based upon all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. The Organization had no unrecognized tax benefits as of and for the years ended June 30, 2011 and 2010. The Organization is no longer subject to examinations by federal authorities for years ended before June 30, 2008 nor have we been notified of any impending examinations and no examinations are currently in process.

Amounts held on behalf of others: The Organization acts as a financial agent for other organizations and since the Organization is not considered to be financially interrelated with these organizations, the total amount of funds held on behalf of these organizations is reflected as a liability on the statement of financial position. The Organization does not have variance power to re-direct the assets held by others and the funds are generally payable on demand.

Fundraising: Fundraising costs are charged to expense as incurred.

Functional expenses: The Organization allocates its expenses on a functional basis among its various programs and supporting activities. Expenses that can be identified with a specific program or supporting activity are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

Risks and uncertainty: Investments in common shares and bonds of publicly-traded companies may be exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could affect investment balances and the amounts reported in the financial statements.

Recently adopted accounting pronouncements: In January 2010, FASB issued an amendment "Fair Value measurements and disclosures – Improving Disclosures about Fair Value Measurements" (ASU 2010-06) which requires new disclosures and reasons for transfers of financial assets and liabilities between levels 1 and 2. This amendment also clarifies that fair value measurement disclosures are required for each class of financial assets and liabilities, and those disclosures should include a discussion of inputs and valuation techniques. It further clarifies that the reconciliation of level 3 measurements should separately present purchases, sales, issuances and settlements instead of netting these changes. With respect to matters other than level 3 measurements, the amendment was effective and adopted for periods beginning on or after December 15, 2009. The adoption of this guidance had no impact on the Organization's financial position or results of operations. The guidance related to level 3 measurements is effective for periods beginning on or after December 15, 2010.

**United Way of East Central Iowa, Inc.
and Related Entities**

Notes to Consolidated Financial Statements

Note 2. Beneficial Interests

In 1997, the owner of the office facilities leased by the Organization sold the property to another nonprofit organization. The new owner received a grant as part of the financing of the purchase. One of the conditions of the grant was that the Organization would be granted a 20% equity interest in the building, with the Organization receiving the greater of 20% of the sale price or \$375,000, upon the sale of the building by the new owner. A temporarily restricted contribution of \$440,000 (20% of the building value at the time of the donation), was recorded in 1997 as a result of this agreement.

Another condition of the grant was that the Organization's rental rate would be reduced to a level below its fair market value. For the years ended June 30, 2011 and 2010, the Organization recorded \$2,102 and \$4,992, respectively, as unrestricted support and rent expense to reflect the excess of the fair value of the rented facilities over the amount paid by the Organization. In January 2011, the Organization moved into the building owned by HSCECI and ceased paying rent under the previous agreement.

Note 3. Pledges and Grants Receivable

Pledges and grants receivable as of June 30, 2011 and 2010 were due as follows:

	UWECI	HSCECI	FCFH	Total
	2011			
Year ending June 30:				
2012	\$ 4,671,247	\$ 42,894	\$ 22,488	\$ 4,736,629
2013	-	132,750	-	132,750
2014	-	22,000	-	22,000
2015	-	20,000	-	20,000
	<u>\$ 4,671,247</u>	<u>\$ 217,644</u>	<u>\$ 22,488</u>	<u>4,911,379</u>
Allowance for pledge loss				(430,916)
Discount on future pledges				(20,931)
Net pledges and grants receivable (A)				<u>\$ 4,459,532</u>
	2010			
Year ending June 30:				
2011	\$ 4,448,343	\$ 5,741,524	\$ 94,123	\$ 10,283,990
2012	-	442,000	-	442,000
2013	-	31,750	-	31,750
2014	-	21,000	-	21,000
2015	-	20,000	-	20,000
	<u>\$ 4,448,343</u>	<u>\$ 6,256,274</u>	<u>\$ 94,123</u>	<u>10,798,740</u>
Allowance for pledge loss				(561,142)
Discount on future pledges				(326,875)
Net pledges and grants receivable (A)				<u>\$ 9,910,723</u>

(A) At June 30, 2011 and 2010, the grant receivable was none and \$4,900,696, respectively. This grant receivable was related to the construction of the HSCECI building.

**United Way of East Central Iowa, Inc.
and Related Entities**

Notes to Consolidated Financial Statements

Note 4. Property and Equipment

Net property and equipment at June 30, 2011 and 2010 consisted of the following:

	UWECI	HSCECI	Total
	<u>2011</u>		
Cost:			
Land	\$ -	\$ 1,555,609	\$ 1,555,609
Building	-	12,318,796	12,318,796
Furnishings & equipment	350,015	73,264	423,279
Total cost	<u>350,015</u>	<u>13,947,669</u>	<u>14,297,684</u>
Less accumulated depreciation	114,929	161,596	276,525
	<u>\$ 235,086</u>	<u>\$ 13,786,073</u>	<u>\$ 14,021,159</u>
	<u>2010</u>		
Cost:			
Land	\$ -	\$ 1,555,609	\$ 1,555,609
Leasehold improvements	66,519	-	66,519
Furnishings & equipment	243,341	-	243,341
Construction in progress	-	7,374,966	7,374,966
Total cost	<u>309,860</u>	<u>8,930,575</u>	<u>9,240,435</u>
Less accumulated depreciation	247,259	-	247,259
	<u>\$ 62,601</u>	<u>\$ 8,930,575</u>	<u>\$ 8,993,176</u>

Total depreciation expense was \$194,784 and \$17,913 for the years ended June 30, 2011 and 2010, respectively.

During the year ended June 30, 2010 land was donated for the construction of the building. Construction in progress at June 30, 2010, represents costs incurred in connection with HSCECI's building project. Interest incurred during the construction phase is included as part of the capitalized value of the assets constructed. Interest of none and \$5,641 for the years ended June 30, 2011 and 2010 was capitalized. The building was placed in service in December 2010.

**United Way of East Central Iowa, Inc.
and Related Entities**

Notes to Consolidated Financial Statements

Note 5. Investments

The Organization has contributed funds to The Greater Cedar Rapids Community Foundation "Foundation" in order to establish a permanent designated agency endowment fund. This fund is administered by the Foundation for the benefit of United Way of East Central Iowa, Inc. Control over the investment or reinvestment of these funds is exercised exclusively by the Foundation. A portion of the fund's earnings is made available for distribution to the Organization periodically. During the years ended June 30, 2011 and 2010, the Organization received \$2,775 and \$6,620 distributions from the fund, respectively.

The Organization has not granted variance power to the Foundation. Therefore, it recognizes its interest in the net assets held by the Foundation and adjusts that interest for the Organization's share of the change of the underlying assets measured at fair value less any distributions made.

Investment income consists of the following:

	2011	2010
Interest and dividends	\$ 96,677	\$ 89,564
Net appreciation in fair value of investments	146,628	120,315
Change in beneficial interest in assets held by community foundation	19,179	12,720
	<u>\$ 262,484</u>	<u>\$ 222,599</u>

Note 6. Fair Value of Financial Instruments

The Financial Accounting Standards Board ASC No. 820, *Fair Value Measurements and Disclosures* (formerly SFAS No. 157, *Fair Value Measurements*) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. ASC 820 requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, ASC 820 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

- Level 1: Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2: Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets.
- Level 3: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

**United Way of East Central Iowa, Inc.
and Related Entities**

Notes to Consolidated Financial Statements

Note 6. Fair Value of Financial Instruments (Continued)

Following is a description of the valuation methodologies used for instruments measured at fair value and their classification in the valuation hierarchy:

Equity and taxable bond mutual funds: Valued at last sales price, if listed on a national market or exchange, or if there is no sale and the market is still considered active, at the last transaction price before year-end.

Taxable bonds: Valued at the most recent price of the equivalent quoted yield for such securities, or those of comparable maturity, quality and type.

Money market funds: Valued at the trading price of shares at year-end.

Beneficial interest in assets held by community foundation: Valued at the estimated pro-rata share of the community foundation's investment pool.

The following table presents assets measured at fair value by classification within the fair value hierarchy as of June 30, 2011 and 2010:

	Fair Value Measurements			
	Fair Value	Level 1	Level 2	Level 3
	2011			
Assets:				
Domestic equity mutual funds	\$ 663,871	\$ 663,871	\$ -	\$ -
Fixed income mutual funds	336,580	336,580	-	-
Balanced mutual funds	67,426	67,426	-	-
Taxable bonds	212,232	-	212,232	-
Money market funds	4,320	4,320	-	-
	1,284,429	1,072,197	212,232	-
Beneficial interest in assets held by community foundation	303,811	-	-	303,811
	<u>\$ 1,588,240</u>	<u>\$ 1,072,197</u>	<u>\$ 212,232</u>	<u>\$ 303,811</u>
	2010			
Assets:				
Domestic equity mutual funds	\$ 537,494	\$ 537,494	\$ -	\$ -
Fixed income mutual funds	259,286	259,286	-	-
Balanced mutual funds	53,214	53,214	-	-
Taxable bonds	275,246	-	275,246	-
Money market funds	3,994	3,994	-	-
	1,129,234	853,988	275,246	-
Beneficial interest in assets held by community foundation	112,167	-	-	112,167
	<u>\$ 1,241,401</u>	<u>\$ 853,988</u>	<u>\$ 275,246</u>	<u>\$ 112,167</u>

**United Way of East Central Iowa, Inc.
and Related Entities**

Notes to Consolidated Financial Statements

Note 6. Fair Value of Financial Instruments (Continued)

The following is a reconciliation of the beginning and ending balances of assets measured at fair value on a recurring basis using significant unobservable (level 3) inputs during the years ended June 30, 2011 and 2010:

	2011	2010
Beneficial interest in assets held by community foundation:		
Balance, beginning	\$ 112,167	\$ 106,067
Change in interest in assets	19,179	12,720
Contributions	175,240	-
Distributions	(2,775)	(6,620)
Balance, ending	<u>\$ 303,811</u>	<u>\$ 112,167</u>

Note 7. Board Designated Net Assets

Net assets have been designated by the Board of Directors for particular purposes as of June 30, 2011 and 2010:

	2011	2010
Future agency allocation shortfalls	\$ 100,000	\$ 100,000
Quasi-endowment for long-term investment purposes	558,490	331,191
	<u>\$ 658,490</u>	<u>\$ 431,191</u>

Note 8. Nature and Amounts of Temporary and Permanent Restrictions

Temporarily restricted net assets are available for the following purposes as of June 30, 2011 and 2010:

	2011	2010
Purpose restricted:		
Children's needs	\$ 439,059	\$ 374,431
Sponsorship	51,505	50,491
Womens Leadership Power of the Purse	9,498	-
RSVP	1,072	-
Kidz on Course/Zach Johnson Foundation	334,500	-
HSCECI - Building released over 20 years	9,500,000	13,849,443
Total purpose restricted	<u>10,335,634</u>	<u>14,274,365</u>
Time restricted:		
Undivided beneficial interest in property	440,000	440,000
Term endowments	150,000	150,000
Unappropriated endowment earnings	97,040	42,127
2010 campaign for calendar year 2011 allocations	-	247,990
2011 campaign for calendar year 2012 allocations	328,852	-
	<u>1,015,892</u>	<u>880,117</u>
	<u>\$ 11,351,526</u>	<u>\$ 15,154,482</u>

Permanently restricted net assets consist of \$343,651 of endowments which must be invested in perpetuity, the income from which is expendable to support the operations of the Organization.

Temporarily restricted net assets include funds designated for children needs, which the board decided to invest in an endowment fund. The original investment of \$324,879 is temporarily restricted along with the earnings, which are restricted until the funds are designated.

**United Way of East Central Iowa, Inc.
and Related Entities**

Notes to Consolidated Financial Statements

Note 9. Endowments

The Organization's endowments consist of various funds established to support the general operating needs of the Organization. Its endowments consist of both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board 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 the Organization has interpreted the Iowa Uniform Act – Institutional Funds Management Act (IUA-IFMA) 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. Consequently, the Organization classifies permanently restricted net assets as:

- The original value of gifts donated to the permanent endowment, and
- The original value of subsequent gifts to the permanent endowment.

The remaining portion of the donor-restricted endowment fund not classified as permanently restricted is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization's Board. In accordance with IUA-IFMA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Return objectives and risk parameters:

The Organization has adopted investment and spending policies for endowment assets that attempt to seek capital preservation as well as long-term appreciation of the endowment fund assets. The endowment assets are invested in a manner that is intended to produce results that exceeds the performance of the Consumer Price Index while assuming a moderate level of investment risk.

Spending policy:

The Organization has a policy of appropriating for distribution each year 5% of its endowment fund assets.

In establishing this policy, the Organization considered the long-term expected returns on its endowment investments. Accordingly, over the long-term, the Organization expects the current spending policy will allow its endowment to retain the original fair value of the gift.

**United Way of East Central Iowa, Inc.
and Related Entities**

Notes to Consolidated Financial Statements

Note 9. Endowments (Continued)

Strategies employed for achieving objectives:

The Organization relies on a total return strategy in which investment returns are achieved through capital appreciation and current yield (interest and dividends). This strategy targets a diversified asset allocation that emphasizes fixed income securities to achieve its long-term objectives within prudent risk constraints.

Endowment net asset composition by type of fund as of June 30, 2011 and 2010 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
2011				
Donor-restricted endowment funds	\$ -	\$ 686,099	\$ 343,651	\$ 1,029,750
Board-designated (quasi) endowment funds	558,490	-	-	558,490
Total endowment funds	\$ 558,490	\$ 686,099	\$ 343,651	\$ 1,588,240
2010				
Donor-restricted endowment funds	\$ -	\$ 566,559	\$ 343,651	\$ 910,210
Board-designated (quasi) endowment funds	331,191	-	-	331,191
Total endowment funds	\$ 331,191	\$ 566,559	\$ 343,651	\$ 1,241,401

Changes in endowment net assets for the years ended June 30, 2011 and 2010:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Year Ended June 30, 2011				
Endowment net assets, beginning of year	\$ 331,191	\$ 566,559	\$ 343,651	\$ 1,241,401
Investment income	15,238	37,453	-	52,691
Investment fees	(2,170)	(1,796)	-	(3,966)
Net appreciation	37,836	108,792	-	146,628
Contributions	176,666	-	-	176,666
Change in beneficial interest	19,179	-	-	19,179
Appropriation of endowment assets for expenditure	(19,450)	(24,909)	-	(44,359)
Endowment net assets, end of year	\$ 558,490	\$ 686,099	\$ 343,651	\$ 1,588,240

**United Way of East Central Iowa, Inc.
and Related Entities**

Notes to Consolidated Financial Statements

Note 9. Endowments (Continued)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
	Year Ended June 30, 2010			
Endowment net assets, beginning of year	\$ 295,983	\$ 474,879	\$ 343,651	\$ 1,114,513
Investment income	12,255	31,998	-	44,253
Investment fees	(2,155)	(2,137)	-	(4,292)
Net appreciation	32,241	88,074	-	120,315
Contributions	2,950	-	-	2,950
Change in beneficial interest	12,720	-	-	12,720
Appropriation of endowment assets for expenditure	(22,803)	(26,255)	-	(49,058)
Endowment net assets, end of year	\$ 331,191	\$ 566,559	\$ 343,651	\$ 1,241,401

Note 10. Retirement Plan

The Organization has a defined contribution pension plan covering substantially all employees. The plan is funded currently by the Organization based on 8% of eligible employees' total wages. Contributions to the plan for the years ended June 30, 2011 and 2010 totaled \$94,418 and \$92,167, respectively.

Note 11. Commitments and Rent Expense

The Organization is leasing various office equipment under an operating lease expiring in January 2014, requiring monthly payments of \$2,541.

Future minimum payments on these agreements are as follows:

Year ending June 30:	
2012	\$ 30,492
2013	30,492
2014	17,787
	<u>\$ 78,771</u>

Rent expense for the years ended June 30, 2011 and 2010 were \$36,269 and \$58,371, which included a donated amount of none and \$4,992, respectively.

**United Way of East Central Iowa, Inc.
and Related Entities**

Notes to Consolidated Financial Statements

Note 12. Rental Revenue

HSCECI is leasing space to tenants under rental agreements expiring at various dates through May 2016.

Future minimum rent revenue on these agreements is as follows:

Year ending June 30:

2012	\$	333,279
2013		333,279
2014		333,279
2015		333,279
2016		167,770
	\$	<u>1,500,886</u>

Rental revenues for the years ended June 30, 2011 and 2010 were 167,285 and none, respectively.

Note 13. Commitments and Subsequent Events

The Organization has evaluated all subsequent events through September 28, 2011, the date that the financial statements were available to be issued, and has determined that no events or transactions have occurred through that date that required recognition or disclosure in the financial statements.



**Independent Auditor's Report
on the Supplementary Information**

Board of Directors
United Way of East Central Iowa, Inc.
Cedar Rapids, Iowa

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis of the basic consolidated financial statements rather than to present the financial position and results of operations of the individual organizations. The consolidating information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

McGladrey & Pullen, LLP

Cedar Rapids, Iowa
September 28, 2011

**United Way of East Central Iowa, Inc.
and Related Entities**

**Consolidating Statements of Financial Position
June 30, 2011 and 2010**

Assets	2011				
	UWECI	HSCECI	FCFH	Eliminations	Total
Current Assets:					
Cash and cash equivalents	\$ 2,195,111	\$ 273,556	\$ 178,037	\$ -	\$ 2,646,704
Certificates of deposit	2,550,020	-	-	-	2,550,020
Receivables:					
Pledges, net	4,246,236	190,808	22,488	-	4,459,532
Accrued interest	9,425	-	-	-	9,425
Miscellaneous	366,970	661	-	(6,976)	360,655
Related party receivable	-	-	292,000	(292,000)	-
Prepaid expenses	24,304	5,702	-	-	30,006
Investments	1,588,240	-	-	-	1,588,240
Property and equipment, net	235,086	13,786,073	-	-	14,021,159
Undivided beneficial interest in property	440,000	-	-	-	440,000
Total assets	\$ 11,655,392	\$ 14,256,800	\$ 492,525	\$ (298,976)	\$ 26,105,741
Liabilities and Net Assets					
Liabilities:					
Allocations and grants payable:					
Agency allocations	\$ 6,331,402	\$ -	\$ 317,610	\$ -	\$ 6,649,012
Initiative fund grants	497,026	-	-	-	497,026
Donor designations	502,014	-	-	-	502,014
Accounts payable	78,845	17,468	9,080	(6,976)	98,417
Related party payable	292,000	-	-	(292,000)	-
Accrued expenses	140,040	36,308	4,733	-	181,081
Amounts held on behalf of others	90,453	-	-	-	90,453
Total liabilities	7,931,780	53,776	331,423	(298,976)	8,018,003
Net Assets:					
Unrestricted:					
Undesignated	869,945	4,703,024	161,102	-	5,734,071
Designated	658,490	-	-	-	658,490
Total unrestricted	1,528,435	4,703,024	161,102	-	6,392,561
Temporarily restricted	1,851,526	9,500,000	-	-	11,351,526
Permanently restricted	343,651	-	-	-	343,651
Total net assets	3,723,612	14,203,024	161,102	-	18,087,738
Total liabilities and net assets	\$ 11,655,392	\$ 14,256,800	\$ 492,525	\$ (298,976)	\$ 26,105,741

2010				
UWECI	HSCECI	FCFH	Eliminations	Total
\$ 2,713,586	\$ 1,255,839	\$ 187,850	\$ -	\$ 4,157,275
1,677,535	-	-	-	1,677,535
3,924,883	5,891,717	94,123	-	9,910,723
10,837	-	-	-	10,837
59,884	-	146	(4,961)	55,069
-	-	252,000	(252,000)	-
27,944	6,355	449	-	34,748
1,241,401	-	-	-	1,241,401
62,601	8,930,575	-	-	8,993,176
440,000	-	-	-	440,000
\$ 10,158,671	\$ 16,084,486	\$ 534,568	\$ (256,961)	\$ 26,520,764

\$ 6,290,000	\$ -	\$ 302,534	\$ -	\$ 6,592,534
200,626	-	-	-	200,626
470,161	-	-	-	470,161
79,285	2,270,649	4,890	(4,961)	2,349,863
252,000	-	-	(252,000)	-
133,718	-	4,059	-	137,777
-	-	-	-	-
7,425,790	2,270,649	311,483	(256,961)	9,750,961

653,000	(35,606)	223,085	-	840,479
431,191	-	-	-	431,191
1,084,191	(35,606)	223,085	-	1,271,670
1,305,039	13,849,443	-	-	15,154,482
343,651	-	-	-	343,651
2,732,881	13,813,837	223,085	-	16,769,803
\$ 10,158,671	\$ 16,084,486	\$ 534,568	\$ (256,961)	\$ 26,520,764

**United Way of East Central Iowa, Inc.
and Related Entities**

**Consolidating Statements of Activities
Years Ended June 30, 2011 and 2010**

	2011				
	UWECI	HSCECI	FCFH	Eliminations	Total
Support and revenue:					
Gross campaign results in current period	\$ 10,511,655	\$ -	\$ -	\$ -	\$ 10,511,655
Less donor designations	1,370,165	-	-	-	1,370,165
Campaign revenue	9,141,490	-	-	-	9,141,490
Less provision for uncollectible pledges	21,003	-	-	-	21,003
Total net campaign revenue	9,120,487	-	-	-	9,120,487
Grants from governmental agencies	-	-	-	-	-
Capital campaign contributions	-	512,871	-	-	512,871
Other contributions, including donated rent	805,849	74,609	343,810	(475,964)	748,304
Flood contributions	-	-	-	-	-
Donor designation fees	91,166	-	-	-	91,166
Investment income	257,371	4,622	491	-	262,484
Rental income	-	218,285	-	(51,000)	167,285
Special events	13,686	-	-	-	13,686
Sponsorships	117,365	-	-	-	117,365
Loss on disposal of equipment	(4,885)	-	-	-	(4,885)
Miscellaneous income	30,507	25,722	67	-	56,296
Total support and revenue	10,431,546	836,109	344,368	(526,964)	11,085,059
Expenses:					
Program services:					
Allocation services	7,167,577	-	-	(292,000)	6,875,577
Flood recovery	-	-	-	-	-
Labor community services	66,755	-	-	(2,566)	64,189
Community impact	431,274	-	-	(37,399)	393,875
Corridor volunteers	128,153	-	-	(9,303)	118,850
Retired Senior Volunteer Program	135,887	-	-	(6,487)	129,400
Kids on Course	30,040	-	-	(391)	29,649
FCFH	-	-	406,351	-	406,351
Total program services	7,959,686	-	406,351	(348,146)	8,017,891
Supporting activities:					
Organizational administration	433,222	-	-	(34,558)	398,664
Fund raising	726,569	-	-	(42,242)	684,327
Marketing and communications	232,274	-	-	(12,954)	219,320
Other agency administrative support	89,064	-	-	(89,064)	-
HSCECI	-	446,922	-	-	446,922
Total supporting activities	1,481,129	446,922	-	(178,818)	1,749,233
Total expenses	9,440,815	446,922	406,351	(526,964)	9,767,124
Total support and revenue over (under) expenses	990,731	389,187	(61,983)	-	1,317,935
Contribution of FCFH net assets	-	-	-	-	-
Change in net assets	990,731	389,187	(61,983)	-	1,317,935
Net assets:					
Beginning	2,732,881	13,813,837	223,085	-	16,769,803
Ending	\$ 3,723,612	\$ 14,203,024	\$ 161,102	\$ -	\$ 18,087,738

2010					
UWECI	HSCECI	FCFH	Eliminations	Total	
\$ 10,266,039	\$ -	\$ -	\$ -	\$ 10,266,039	
1,232,087	-	-	-	1,232,087	
9,033,952	-	-	-	9,033,952	
292,287	-	-	-	292,287	
8,741,665	-	-	-	8,741,665	
-	10,000,000	-	-	10,000,000	
-	3,849,443	-	-	3,849,443	
126,573	84,930	354,372	(342,982)	222,893	
500	-	-	-	500	
88,315	-	-	-	88,315	
217,164	4,281	1,154	-	222,599	
-	-	-	-	-	
9,150	-	-	-	9,150	
101,778	-	-	-	101,778	
-	-	-	-	-	
29,969	-	146	-	30,115	
9,315,114	13,938,654	355,672	(342,982)	23,266,458	
7,056,135	-	-	(252,000)	6,804,135	
10,313	-	-	-	10,313	
77,777	-	-	-	77,777	
361,650	-	-	-	361,650	
90,485	-	-	-	90,485	
-	-	-	-	-	
-	-	-	-	-	
-	-	375,519	-	375,519	
7,596,360	-	375,519	(252,000)	7,719,879	
490,765	-	-	-	490,765	
621,961	-	-	-	621,961	
196,567	-	-	-	196,567	
90,982	-	-	(90,982)	-	
-	124,817	-	-	124,817	
1,400,275	124,817	-	(90,982)	1,434,110	
8,996,635	124,817	375,519	(342,982)	9,153,989	
318,479	13,813,837	(19,847)	-	14,112,469	
-	-	242,932	-	242,932	
318,479	13,813,837	223,085	-	14,355,401	
2,414,402	-	-	-	2,414,402	
\$ 2,732,881	\$ 13,813,837	\$ 223,085	\$ -	\$ 16,769,803	