

***Financial Statement***

**UNITED WAY OF NORTHERN UTAH**

**December 31, 2011 and 2010**

**(With Independent Auditors' Report)**

**UNITED WAY OF NORTHERN UTAH**  
**Financial Statements**  
**December 31, 2011 and 2010**

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**INDEPENDENT AUDITORS' REPORT**

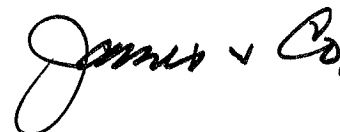
**The Executive Committee  
United Way of Northern Utah  
Ogden, Utah**

We have audited the accompanying statements of financial position of United Way of Northern Utah (a nonprofit organization) as of December 31, 2011 and 2010, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the management of United Way of Northern Utah. Our responsibility is to express an opinion on these 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 statement of financial position is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial position. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial position 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 Northern Utah as of December 31, 2011 and 2010, in conformity with accounting principles generally accepted in the United States of America.

Ogden, Utah  
August 2, 2012



**UNITED WAY OF NORTHERN UTAH**  
**Statements of Financial Position**  
**December 31, 2011 and 2010**

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
<b>Current assets</b>		
Cash and cash equivalents	\$ 522,214	\$ 1,928,373
Investments	2,827,125	3,130,867
Pledges receivable, net	1,556,408	1,486,644
Managing Utah CFC receivable	259,234	201,803
Other receivables	54,670	-
Deposit	25,000	-
<b>Total current assets</b>	5,244,651	6,747,687
 Office furniture and equipment, net	 14,974	 18,854
<b>Total assets</b>	\$ 5,259,625	\$ 6,766,541
 <b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Current liabilities</b>		
Due to designated organizations	\$ 681,392	\$ 611,287
Due to agencies	92,048	237,120
Accounts payable	74,135	38,705
Compensated absences payable	101,817	115,850
Other accrued liabilities	3,187	7,007
<b>Total liabilities</b>	952,579	1,009,969
<b>Net assets</b>		
Unrestricted	3,678,017	3,615,059
Temporarily restricted	629,029	2,141,513
<b>Total net assets</b>	4,307,046	5,756,572
<b>Total liabilities and net assets</b>	\$ 5,259,625	\$ 6,766,541

See accompanying notes and independent auditors' report.

**UNITED WAY OF NORTHERN UTAH**  
**Statements of Activities and Changes in Net Assets**  
**For the Year Ended December 31, 2011, with Summarized Totals for 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals 2011</u>	<u>Summarized Totals 2010</u>
<b>Public support and revenue</b>				
Gross campaign results	\$ 906,758	\$ 3,352,856	\$ 4,259,614	\$ 3,841,587
Less: donor designations	-	(3,338,615)	(3,338,615)	(3,015,420)
Net campaign revenue	906,758	14,241	920,999	826,167
Grants	123,500	-	123,500	153,750
CFC service fee	259,234	-	259,234	201,803
Investment income	(58,321)	-	(58,321)	429,883
Special events	13,829	-	13,829	18,587
Net assets released from restrictions	1,526,725	(1,526,725)	-	-
<b>Total public support and revenue</b>	<u>2,771,725</u>	<u>(1,512,484)</u>	<u>1,259,241</u>	<u>1,630,190</u>

See accompanying notes and independent auditors' report.

**UNITED WAY OF NORTHERN UTAH**  
**Statements of Activities and Changes in Net Assets, continued**  
**For the Year Ended December 31, 2011, with Summarized Totals for 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals 2011</u>	<u>Summarized Totals 2010</u>
<b>Expenses</b>				
Program services				
Allocations to agencies	\$ 5,088,417	\$ -	\$ 5,088,417	\$ 3,205,235
Less: allocations funded through designations	<u>(3,338,615)</u>	<u>-</u>	<u>(3,338,615)</u>	<u>(3,015,420)</u>
Net allocations	1,749,802	-	1,749,802	189,815
Other program services	709,888	-	709,888	656,670
Total program services	<u>2,459,690</u>	<u>-</u>	<u>2,459,690</u>	<u>846,485</u>
United Way of America dues	20,328	-	20,328	16,518
Other supporting services	<u>228,749</u>	<u>-</u>	<u>228,749</u>	<u>233,037</u>
Total supporting services	<u>249,077</u>	<u>-</u>	<u>249,077</u>	<u>249,555</u>
<b>Total expenses</b>	<u>2,708,767</u>	<u>-</u>	<u>2,708,767</u>	<u>1,096,040</u>
<b>Change in net assets</b>	62,958	(1,512,484)	(1,449,526)	534,150
<b>Net assets at beginning of year</b>	<u>3,615,059</u>	<u>2,141,513</u>	<u>5,756,572</u>	<u>5,222,422</u>
<b>Net assets at end of year</b>	<u>\$ 3,678,017</u>	<u>\$ 629,029</u>	<u>\$ 4,307,046</u>	<u>\$ 5,756,572</u>

See accompanying notes and independent auditors' report.

**UNITED WAY OF NORTHERN UTAH**  
**Statements of Functional Expenses**  
**For the Year Ended December 31, 2011, with Summarized Totals for 2010**

	Program Services		Support Services			Total	Totals 2011	Summarized Totals 2010
	Allocation Services	All Other Programs	Fundraising	Organizational Administration	UWA Dues			
Allocations to agencies	\$ 5,088,417	-	\$ -	\$ -	\$ -	\$ -	\$ 5,088,417	\$ 3,205,235
Less: donor designations	(3,338,615)	-	-	-	-	-	(3,338,615)	(3,015,420)
Subtotal	1,749,802	-	-	-	-	-	1,749,802	189,815
Salaries	-	189,509	112,561	15,898	-	128,459	317,968	325,695
Health and retirement benefits	-	64,430	38,269	5,405	-	43,674	108,104	104,949
Payroll taxes	-	14,700	8,731	1,233	-	9,964	24,664	23,775
Subtotal	-	268,639	159,561	22,536	-	182,097	450,736	454,419
Managing CFC expense	-	259,234	-	-	-	-	259,234	201,803
Office supplies	-	9,145	3,266	653	-	3,919	13,064	17,788
Telephone	-	11,411	4,075	815	-	4,890	16,301	17,377
Postage	-	2,379	516	152	-	668	3,047	3,412
Occupancy	-	28,093	10,380	2,025	-	12,405	40,498	34,307
Campaign expenses	-	42,825	9,623	2,760	-	12,383	55,208	58,866
Professional fees	-	17,886	4,770	1,192	-	5,962	23,848	35,908
Conferences and training	-	42,575	-	-	-	-	42,575	34,415
Service club dues	-	11,697	-	-	-	-	11,697	5,061
Equipment repairs and maintenance	-	9,409	3,360	672	-	4,032	13,441	12,288
Depreciation	-	2,716	970	194	-	1,164	3,880	3,916
Travel and meals	-	325	-	-	-	-	325	7,723
Luncheon expense	-	1,645	411	-	-	411	2,056	1,213
Bank fees	-	1,909	818	-	-	818	2,727	1,211
Subtotal	-	441,249	38,189	8,463	-	46,652	487,901	435,288
United Way of America dues	-	-	-	-	20,328	20,328	20,328	16,518
Total functional expenses	\$ 1,749,802	\$ 709,888	\$ 197,750	\$ 30,999	\$ 20,328	\$ 249,077	\$ 2,708,767	\$ 1,096,040

See accompanying notes and independent auditors' report.

**UNITED WAY OF NORTHERN UTAH**  
**Statements of Cash Flows**  
**December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (1,449,526)	\$ 534,150
Adjustments to reconcile change in net assets to Net cash provided (used) by operating activities:		
Depreciation	3,880	3,916
Investment income in marketable securities	(105,920)	(63,619)
(Gain) loss on investments in marketable securities	167,712	(354,116)
Changes in operating assets and liabilities:		
Pledges receivable	(69,764)	(57,603)
Managing Utah CFC receivable	(57,431)	12,019
Other receivables	(54,670)	1,499
Prepaid assets	-	26,967
Due to designated organizations and agencies	(74,967)	(27,878)
Deposit	(25,000)	-
Accounts payable	35,430	(9,416)
Compensated absences payable	(14,033)	2,103
Other accrued liabilities	(3,820)	(10,369)
<b>Cash and cash equivalents provided by (used in) operating activities</b>	<u>(1,648,109)</u>	<u>57,653</u>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(976,784)	(878,507)
Proceeds from sale of investments	1,460,685	856,766
Withdrawal of funds	(241,951)	-
<b>Net cash and cash equivalents provided by (used in) investing activities</b>	<u>241,950</u>	<u>(21,741)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(1,406,159)	35,912
<b>Cash and cash equivalents at beginning of year</b>	<u>1,928,373</u>	<u>1,892,461</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 522,214</u>	<u>\$ 1,928,373</u>

See accompanying notes and independent auditors' report.



**UNITED WAY OF NORTHERN UTAH**  
**Notes to Financial Statements**  
**December 31, 2011 and 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies of United Way of Northern Utah (the Organization) is presented to assist in understanding these financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity.

**Organization and Operation**

The Organization is a non-profit entity, incorporated in the state of Utah and governed by a volunteer Board of Directors that is comprised of business and community leaders. The Organization utilizes salaried employees and volunteers who work to support a broad range of charitable agencies and human service organizations in the Northern Utah area. The stated mission of the Organization is "to improve lives in Northern Utah by mobilizing the caring power of our community." The Organization conducts fundraising activities, provides a systematic review process of charitable agencies requesting funding from the Organization, plans for future community needs and allocates money raised to eligible agencies.

Annual campaigns are conducted in the fall of each year to support allocations made in the subsequent year. Campaign contributions are used to support local health and human service programs of member and non-member agencies and to pay the Organization's operating expenses. Donors may designate their pledges to specific agencies or donate undesignated funds.

Annual fall campaign results are reduced by pledges that are designated to specific organizations and by a provision for uncollectible pledges. The net campaign results are reflected as temporarily restricted in the accompanying statement of activities and the amounts are to be expended in the following year. Prior year campaign results are reflected in the net assets released from restrictions in the current year statement of activities.

**Basis of Presentation**

The financial statements are presented in accordance with Topic 958 of the FASB Accounting Standards Codification (FASB ASC 958), *Not-For-Profit Entities*. Under FASB ASC 958, the Organization is required to report 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.

Also in accordance with FASB ASC 958, support that is restricted by a donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction.

**UNITED WAY OF NORTHERN UTAH**  
**Notes to Financial Statements, continued**  
**December 31, 2011 and 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Basis of Presentation, continued**

All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction (Note 10). When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

**Management Estimates**

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

**Cash and Cash Equivalents**

The Organization considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents. Investments are stated at market value and realized and unrealized gains and losses are reported in the statement of activities. Fair value of investments is determined by using quoted prices for the investments at December 31, 2011 and 2010.

**Fair Value of Financial Instruments**

The reported amounts of certain financial instruments of the Organization, including cash and cash equivalents, accounts receivable, prepaid expenses, due to designated organizations, due to agencies, accounts payable and accrued liabilities, approximate fair value due to their short maturities. See Note 11 for further discussion of fair value.

**Campaign Promises to Give**

Campaign promises to give, including unconditional promises to give (pledges), are recognized as support in the period received, at their fair values.

**UNITED WAY OF NORTHERN UTAH**  
**Notes to Financial Statements, continued**  
**December 31, 2011 and 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Campaign Promises to Give, continued**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or are restricted by the donor for specific purposes are reported as temporarily or permanently restricted.

When a donor restriction expires (i.e. when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restriction.

The permanently restricted fund includes the principal amount of contributions accepted with the stipulation from the donor that the principal be maintained in perpetuity and only the income from investments thereof be expended for purposes specified by the donor, if any. As of December 31, 2011 and 2010, there were no permanently restricted net assets.

**Grants Received**

The Organization received grant monies from various agencies in 2011 and 2010. Included in the 2009 grant revenue total was a grant from the Church of Jesus Christ of Latter Day Saints (LDS Grant) for \$1,500,000. These funds and earnings on these funds were designated to help cover the costs to construct a community homeless shelter. The grant proceeds were classified as temporarily restricted until the funds have been spent for that purpose and are included in the cash and cash equivalents on the statement of financial position. As of December 31, 2011 and 2010, \$0 and \$1,530,311, respectively, of the grant remains in temporarily restricted net assets. The other grants received in 2011 and 2010 were given unconditionally and are classified as unrestricted.

**Pledges Receivable**

Campaign pledge contributions are generally fully collected by the end of each campaign cycle of approximately 18 months. The Organization provides an allowance for the uncollectable pledges at the time campaign results are recorded.

**Contributed Services**

Donated services are recognized as contributions in accordance with FASB ASC 958 if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization.

**UNITED WAY OF NORTHERN UTAH**  
**Notes to Financial Statements, continued**  
**December 31, 2011 and 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Contributed Services, continued**

Donated auditing services applicable to the 2011 audit are approximately \$15,000. Donated auditing services applicable to the 2010 audit were approximately \$12,500.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization in its program services and fundraising campaign. These services are not recorded as contributions because they do not meet the requirements under FASB ASC 958-605.

**Prepaid Expenses**

Prepaid expenses consist of awards purchased to be given to donors of the Organization and the Intermountain Combined Federal Campaign (Note 5). These awards are stated at cost which is estimated using the first-in, first-out method.

**Office Furniture and Equipment**

Office furniture and equipment purchased for more than \$500 are capitalized and recorded at cost, or in the case of donated items, at fair value. These assets are depreciated over their estimated useful lives, from 5 to 10 years, using the straight-line method of depreciation. Depreciation expense of \$3,880 and \$3,916 was recorded in the years ended December 31, 2011 and 2010, respectively.

Donated property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. During the years ended December 31, 2011 and 2010, no property or equipment was contributed to the Organization.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Income Tax**

United Way is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the accompanying statements.

**UNITED WAY OF NORTHERN UTAH**  
**Notes to Financial Statements, continued**  
**December 31, 2011 and 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**Income Tax, continued**

The Organization has adopted FASB ASC 740, *Accounting for Uncertainty in Income Taxes*. Management has determined FASB ACS 740 does not have a material impact on the financial statements.

**Reclassifications**

Certain reclassifications were made to the 2010 financial statements in order to conform to the 2011 presentation. The reclassifications have no effect on net income as previously reported.

**2. INVESTMENTS**

Investments are recorded at fair value and consist of the following at December 31:

	<u>2011</u>	<u>2010</u>
Common stock	\$ 1,121,493	\$ 1,604,647
Government obligations	-	50,252
Corporate obligations	368,405	506,814
Mutual funds	<u>1,337,227</u>	<u>969,154</u>
 Total investments	 <u>\$ 2,827,125</u>	 <u>\$ 3,130,867</u>

**3. CONCENTRATION OF CREDIT RISK**

The Organization maintains its cash with three financial institutions. At various times during the fiscal year, the Organization's cash in bank balances may exceed federally insured limits. As of December 31, 2011 and 2010, the Organization's uninsured cash balances totaled approximately \$142,700 and \$1,525,000, respectively.

The Organization also maintains investment accounts with two financial institutions. At various times during the fiscal year, the Organization's cash in investment accounts may exceed amounts insured by the Securities Investor Protection Corporation. As of December 31, 2011 and 2010, the Organization's uninsured investment balances totaled approximately \$0, respectively.

**UNITED WAY OF NORTHERN UTAH**  
**Notes to Financial Statements, continued**  
**December 31, 2011 and 2010**

**3. CONCENTRATION OF CREDIT RISK, continued**

For the year ended December 31 2011, the following donor accounted for ten percent of more of annual campaign revenues.

	<u>2011</u>
Kimberly Clark	\$ 174,814

**4. PLEDGES RECEIVABLE**

Pledges receivable are generally to be received within one year and consist of the following at December 31:

	<u>2011</u>	<u>2010</u>
2011-2012 Campaign pledges receivable	\$ 1,436,866	\$ -
2010-2011 Campaign pledges receivable	173,036	1,372,462
2009-2010 Campaign pledges receivable	-	182,802
Estimated uncollectable	<u>(53,494)</u>	<u>(68,620)</u>
Net pledges receivable	<u>\$ 1,556,408</u>	<u>\$ 1,486,644</u>

**5. INTERMOUNTAIN COMBINED FEDERAL CAMPAIGN**

United Way of Northern Utah served as the Principal Combined Fund Organization (PCFO) for the Intermountain Combined Federal Campaign (CFC) in 2011 and 2010. The responsibility of United Way to serve as PCFO is to manage the campaign and to serve as a fiscal agent. United Way of Northern Utah has also been appointed as PCFO for the 2011-2012 campaigns.

As the fiscal agent for the CFC, United Way has included approximately \$3,181,000 and \$2,313,000 of pledges in current year campaign results for the years ended December 31, 2011 and 2010, respectively. United Way has also included approximately \$2,710,000 and \$2,111,000 in allocations to agencies for the years ended December 31, 2011 and 2010, respectively. Both current year campaign results and allocations to agencies are also deducted as donor designations in the financial statement presentation.

Prior to the campaign, United Way estimates the cost of running the campaign and submits this estimate to the local Federal Coordinating Committee.

**UNITED WAY OF NORTHERN UTAH**  
**Notes to Financial Statements, continued**  
**December 31, 2011 and 2010**

**5. INTERMOUNTAIN COMBINED FEDERAL CAMPAIGN, continued**

At the completion of the campaign drive, United Way of Northern Utah receives a check for the actual expenses incurred.

The reimbursements received in the years ended December 31, 2011 and 2010 were \$201,803 and \$213,822, respectively. At December 31, 2011 and 2010, the CFC owed United Way \$259,234 and \$201,803 for reimbursement of the 2011-2012 and 2010-2011 campaigns expenses, respectively.

The Intermountain Combined Federal Campaign (CFC) makes contributions to various entities based on the designation of its donors. In the years ended December 31, 2011 and 2010, Intermountain Combined Federal Campaign contributed approximately \$243,106 and \$281,800, respectively, to United Way of Northern Utah based on the designation of donors. United Way of Northern Utah also acts as a federation for the CFC and honors designations made by CFC campaign donors by distributing a proportionate share of receipts to each member federation based on CFC donor designations. As a federation, United Way is permitted to deduct expenses from receipts prior to remitting funds to the charitable organization participating as members. In the years ended December 31, 2011 and 2010, United Way deducted \$21,932 and \$20,037, respectively from member organizations to cover expenses.

**6. OFFICE FURNITURE AND EQUIPMENT**

Office furniture and equipment consisted of the following:

	<u>2011</u>	<u>2010</u>
Office furniture and equipment	\$ 73,278	\$ 73,278
Accumulated depreciation	<u>(58,304)</u>	<u>(54,424)</u>
Net office furniture and equipment	<u>\$ 14,974</u>	<u>\$ 18,854</u>

**7. CAMPAIGN REVENUE**

The annual campaign of the United Way of Northern Utah begins in the fall of each year and continues into the following calendar year. Each campaign is titled for the two years that comprise it.

**UNITED WAY OF NORTHERN UTAH**  
**Notes to Financial Statements, continued**  
**December 31, 2011 and 2010**

**8. CAMPAIGN REVENUE, continued**

During the years ended December 31, 2011, United Way recognized contributions for campaign years as follows:

	<u>2011</u>	<u>2010</u>
2010-2011 Campaign	\$ -	\$ 3,841,587
2011-2012 Campaign	<u>4,259,614</u>	<u>-</u>
Total campaign revenue	<u>\$ 4,259,614</u>	<u>\$ 3,841,587</u>

Included in the 2011 and 2010 campaign revenue above is approximately \$2,709,600 and \$2,312,500, respectively, from the Intermountain Combined Federal Campaign.

**9. RETIREMENT PLAN**

Effective January 1, 2008, the Organization adopted a 403(b) retirement plan whereby employees that work more than 20 hours a week can contribute up to 100% of their salary within statutory limits. The employer has the option to make discretionary contributions. During the years ended December 31, 2011 and 2010, the Organization matched 10% of employee retirement contributions and recognized retirement expense of approximately \$36,500 and \$37,700, respectively.

**10. BOARD-DESIGNATED CASH AND INVESTMENTS**

In May 1999, the Executive Committee of the United Way of Northern Utah approved a resolution effective December 1999 to reserve all funds in the trust departments of Key Bank and Wells Fargo Bank. On December 31, 2011 and 2010, the Board-designated cash and investments held at the trust departments totaled \$2,905,221 and \$3,279,012, respectively.

**11. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets as of December 31, 2011, consist of designated and undesignated contributions received in 2011 to be expended thereafter. Temporarily restricted net assets as of December 31, 2010, consist of designated and undesignated contributions received in 2010 to be expended thereafter.



**UNITED WAY OF NORTHERN UTAH**  
**Notes to Financial Statements, continued**  
**December 31, 2011 and 2010**

**12. FAIR VALUE MEASUREMENTS**

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures of investments in debt and equity securities that are classified as available for sale.

The Fair Value Measurements Topic 820 of the FASB Accounting Standards Codification (FASB ASC 820) defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements for fair value measurements. The disclosures required under this topic have been included in this note.

**Fair Value Hierarchy**

FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

**Determination of Fair Value**

Under FASB ASC 820, the Organization bases its fair value on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is the Organization's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy. Fair value measurements for assets and liabilities where there exists limited or no observable market data and, therefore, are based primarily upon management's own estimates, are often calculated based on current pricing policy, the economic and competitive environment, the characteristics of the asset or liability and other such factors. Therefore, the results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability.

**UNITED WAY OF NORTHERN UTAH**  
**Notes to Financial Statements, continued**  
**December 31, 2011 and 2010**

**12. FAIR VALUE MEASUREMENTS, continued**

**Determination of Fair Value, continued**

Additionally, there may be inherent weaknesses in any calculation technique, and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, that could significantly affect the results of current or future value.

Following is a description of valuation methodologies used for assets and liabilities recorded at fair value. Methodologies have been consistently applied.

The table below presents the amounts of assets and liabilities measured at fair value on a recurring basis as of December 31, 2011:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Marketable securities	\$ 2,827,125	\$ 2,827,125	\$ -	\$ -

**13. SUBSEQUENT EVENTS**

Subsequent to December 31, 2011, the Organization purchased the building in which has its offices for \$1,860,000, with a \$25,000 earnest money deposit towards the purchase outstanding at December 31, 2011.

Management has evaluated subsequent events through August 2, 2012, the date on which the financial statements were available to be issued, and has determined that, aside from the matter discussed above, no events requiring additional disclosure have occurred.