



**United Way of the
Columbia-Willamette**

FINANCIAL STATEMENTS

Year Ended June 30, 2010

with

Independent Auditors' Report

**UNITED WAY OF THE
COLUMBIA - WILLAMETTE**

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CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report

The Board of Directors
United Way of the Columbia-Willamette

We have audited the accompanying statement of financial position of United Way of the Columbia-Willamette (UWCW) as of June 30, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of UWCW's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from UWCW's June 30, 2009, financial statements and, in our report dated December 15, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of the Columbia-Willamette as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Hoffman, Stewart & Schmidt, P.C.

December 15, 2010

**UNITED WAY OF THE
COLUMBIA - WILLAMETTE**

Statement of Financial Position

June 30, 2010 (With Comparative Amounts for 2009)

ASSETS					
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2010	2009
Cash and cash equivalents	\$ 2,884,637	\$ 31,995	\$ -	\$ 2,916,632	\$ 2,032,697
Pledges receivable - net	4,963,339	35,505	-	4,998,844	5,634,095
Grants and bequests receivable	51,000	5,000	-	56,000	30,000
Accounts and other receivables	157,033	-	-	157,033	159,235
Prepaid expenses, deposits and other assets	228,525	-	-	228,525	232,531
Investments (Notes 3 and 15)	2,863,969	39,800	207,868	3,111,637	3,630,208
Interest in charitable remainder trusts (Notes 4 and 15)	-	3,469	-	3,469	417
Interest in perpetual trusts (Notes 4 and 15)	-	-	810,406	810,406	761,151
Property and equipment - net (Notes 5 and 6)	2,774,389	-	-	2,774,389	2,827,289
Total assets	<u>\$ 13,922,892</u>	<u>\$ 115,769</u>	<u>\$ 1,018,274</u>	<u>\$ 15,056,935</u>	<u>\$ 15,307,623</u>
LIABILITIES AND NET ASSETS					
Liabilities:					
Accounts payable and accrued liabilities (Note 16)	\$ 457,383	\$ -	\$ -	\$ 457,383	\$ 490,356
Grants to programs	4,935,041	-	-	4,935,041	5,481,465
Donor-designated contributions payable	3,682,270	-	-	3,682,270	3,400,406
Note payable (Note 6)	282,554	-	-	282,554	496,846
Total liabilities	9,357,248	-	-	9,357,248	9,869,073
Net assets:					
Unrestricted:					
Board-designated (Note 7)	3,322,346	-	-	3,322,346	3,281,645
Undesignated (Note 8)	1,243,298	-	-	1,243,298	918,159
Temporarily restricted (Note 9)	-	115,769	-	115,769	269,727
Permanently restricted (Note 10)	-	-	1,018,274	1,018,274	969,019
Total net assets	<u>4,565,644</u>	<u>115,769</u>	<u>1,018,274</u>	<u>5,699,687</u>	<u>5,438,550</u>
Total liabilities and net assets	<u>\$ 13,922,892</u>	<u>\$ 115,769</u>	<u>\$ 1,018,274</u>	<u>\$ 15,056,935</u>	<u>\$ 15,307,623</u>

The accompanying notes are an integral part of the financial statements.

**UNITED WAY OF THE
COLUMBIA - WILLAMETTE**

Statement of Activities

Year Ended June 30, 2010 (With Comparative Totals for 2009)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2010	2009
Public support and revenue:					
Gross campaign revenue, including amounts raised for others (Note 1)	\$ 21,089,704	\$ 35,560	\$ -	\$ 21,125,264	\$ 20,660,849
Less amounts designated to others	(9,999,769)	-	-	(9,999,769)	(9,112,554)
Campaign revenue	11,089,935	35,560	-	11,125,495	11,548,295
Less provision for uncollectable pledges	(600,000)	-	-	(600,000)	(650,000)
Net campaign revenue	10,489,935	35,560	-	10,525,495	10,898,295
Revenue:					
Grants, bequests and other public support	243,785	9,546	-	253,331	58,806
In-kind contributions	140,528	-	-	140,528	271,993
Service fees	111,701	-	-	111,701	129,540
Rental income	164,339	-	-	164,339	162,358
Other	28,408	-	-	28,408	49,321
Total revenue	688,761	9,546	-	698,307	672,018
Net assets released from restrictions (Note 12)	226,473	(226,473)	-	-	-
Total public support and revenue	11,405,169	(181,367)	-	11,223,802	11,570,313
Expenses:					
Program services:					
Program grants	5,946,149	-	-	5,946,149	6,022,288
Community investment	1,752,694	-	-	1,752,694	1,967,111
Total program services	7,698,843	-	-	7,698,843	7,989,399
Supporting services:					
Fund-raising campaign	1,881,459	-	-	1,881,459	2,173,918
Management and general	1,300,081	-	-	1,300,081	1,377,845
Total supporting services	3,181,540	-	-	3,181,540	3,551,763
Total expenses	10,880,383	-	-	10,880,383	11,541,162
Increase (decrease) in net assets from operating activities (carried forward)	524,786	(181,367)	-	343,419	29,151

The accompanying notes are an integral part of the financial statements.

**UNITED WAY OF THE
COLUMBIA - WILLAMETTE**

Statement of Activities - Continued

Year Ended June 30, 2010 *(With Comparative Totals for 2009)*

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2010	2009
Increase (decrease) in net assets from operating activities (carried forward)	\$ 524,786	\$ (181,367)	\$ -	\$ 343,419	\$ 29,151
Non-operating activities:					
Interest and dividends	26,565	6,625	-	33,190	78,192
Gain (loss) on investments	(6,189)	20,734	-	14,545	(55,683)
Impairment loss <i>(Note 15)</i>	(220,000)	-	-	(220,000)	-
Trust income	-	-	-	-	7,329
Distributions from perpetual trusts	40,678	-	-	40,678	48,074
Change in value of charitable remainder trusts <i>(Note 4)</i>	-	50	-	50	2,992
Change in value of perpetual trusts <i>(Note 4)</i>	-	-	49,255	49,255	(206,599)
Total non-operating activities	(158,946)	27,409	49,255	(82,282)	(125,695)
Increase (decrease) in net assets	365,840	(153,958)	49,255	261,137	(96,544)
Net assets, beginning of year	4,199,804	269,727	969,019	5,438,550	5,535,094
Net assets, end of year	\$ 4,565,644	\$ 115,769	\$ 1,018,274	\$ 5,699,687	\$ 5,438,550

The accompanying notes are an integral part of the financial statements.

**UNITED WAY OF THE
COLUMBIA - WILLAMETTE**

Statement of Functional Expenses

Year Ended June 30, 2010 (With Comparative Totals for 2009)

	Program Services			Supporting Services			Total	
	Program	Community	Total Program	Fund-	Management	Total		
	Grants	Investment	Services	raising	and	Supporting	2010	2009
				Campaign	General	Services		
Program grants	\$ 5,946,149	\$ -	\$ 5,946,149	\$ -	\$ -	\$ -	\$ 5,946,149	\$ 6,022,288
Salaries and wages	-	694,443	694,443	961,216	762,877	1,724,093	2,418,536	2,610,607
Employee benefits and payroll taxes	-	169,503	169,503	220,561	204,795	425,356	594,859	723,659
Professional services	-	57,256	57,256	40,955	46,031	86,986	144,242	202,417
Telephone and postage	-	18,311	18,311	22,994	25,512	48,506	66,817	63,492
Occupancy	-	223,198	223,198	35,365	44,204	79,569	302,767	297,167
Equipment rental and maintenance	-	9,290	9,290	12,407	19,147	31,554	40,844	37,824
Supplies and subscriptions	-	5,380	5,380	10,377	9,095	19,472	24,852	27,956
Advertising	-	121,746	121,746	329,270	526	329,796	451,542	605,687
Printing and supplies	-	52,278	52,278	79,988	355	80,343	132,621	141,822
Travel, conferences and meetings	-	45,845	45,845	60,933	14,967	75,900	121,745	143,990
Interest	-	13,161	13,161	2,689	3,125	5,814	18,975	28,896
Miscellaneous	-	17,077	17,077	14,419	87,564	101,983	119,060	157,588
United Way Worldwide dues	-	159,161	159,161	19,168	11,454	30,622	189,783	187,423
Total before depreciation and amortization	5,946,149	1,586,649	7,532,798	1,810,342	1,229,652	3,039,994	10,572,792	11,250,816
Depreciation and amortization	-	166,045	166,045	71,117	70,429	141,546	307,591	290,346
	\$ 5,946,149	\$ 1,752,694	\$ 7,698,843	\$ 1,881,459	\$ 1,300,081	\$ 3,181,540	\$ 10,880,383	\$ 11,541,162

The accompanying notes are an integral part of the financial statements.

**UNITED WAY OF THE
COLUMBIA - WILLAMETTE**

Statement of Cash Flows

Year Ended June 30, 2010 <i>(With Comparative Totals for 2009)</i>	2010	2009
Cash flows from operating activities:		
Cash receipts:		
Pledges	\$ 21,160,515	\$ 20,396,523
Service fees	113,903	206,438
Grants, bequests and other support	194,445	376,795
Interest and dividends	33,190	78,192
Other	233,425	267,082
Cash paid:		
Allocations to agencies	(6,492,573)	(6,936,350)
Donor designated contributions to agencies	(9,717,905)	(9,122,771)
Employees and suppliers	(4,310,889)	(4,796,221)
Interest	(18,975)	(28,896)
Payments to affiliated organizations	(187,423)	(93,712)
Net cash provided by operating activities	1,007,713	347,080
Cash flows from investing activities:		
Purchases of property and equipment	(252,486)	(150,664)
Purchase of investments	(528,452)	(62,499)
Proceeds from sale of investments	871,452	133,191
Net cash provided (used) by investing activities	90,514	(79,972)
Cash flows from financing activities:		
Payments on note payable	(214,292)	(204,370)
Net cash used by financing activities	(214,292)	(204,370)
Net increase in cash and cash equivalents	883,935	62,738
Cash and cash equivalents, beginning of year	2,032,697	1,969,959
Cash and cash equivalents, end of year	\$ 2,916,632	\$ 2,032,697

The accompanying notes are an integral part of the financial statements.

**UNITED WAY OF THE
COLUMBIA - WILLAMETTE**

Statement of Cash Flows - Continued

Year Ended June 30, 2010 <i>(With Comparative Totals for 2009)</i>	2010	2009
Reconciliation of increase (decrease) in net assets to net cash provided by operating activities:		
Increase (decrease) in net assets	\$ 261,137	\$ (96,544)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization	307,591	290,346
(Gain) loss on investments	(14,545)	55,683
Impairment loss	220,000	-
Change in value of charitable remainder trusts	(50)	(2,992)
Contribution of an interest in a charitable remainder trust	(3,469)	-
Change in value of perpetual trusts	(49,255)	206,599
Donated property and equipment	(2,205)	(2,230)
Donated investments	(29,884)	-
(Increase) decrease in:		
Pledges receivable - net	635,251	385,674
Grants receivable	(26,000)	70,300
Accounts receivable	2,202	76,898
Prepaid expenses, deposits and other assets	4,006	(25,632)
Interest in charitable remainder trusts	467	247,689
Increase (decrease) in:		
Accounts payable and accrued liabilities	(32,973)	65,568
Grants to programs	(546,424)	(770,410)
Donor-designated contributions payable	281,864	(153,869)
Net cash provided by operating activities	<u>\$ 1,007,713</u>	<u>\$ 347,080</u>

The accompanying notes are an integral part of the financial statements.

**UNITED WAY OF THE
COLUMBIA - WILLAMETTE**

Notes to Financial Statements

1. Nature of Operations and Significant Accounting Policies

Organization - The Community Chest which later became United Way of the Columbia-Willamette (UWCW) started in 1920 and is one of the Portland/Vancouver metro region's leading and oldest health and human service support organizations. There have been several name changes over the years. The organization joined United Way Worldwide (previously United Way of America) and was incorporated under United Way of the Columbia-Willamette in 1952. One thing that has remained consistent over the years is UWCW's role in helping the community. UWCW's mission is: Helping people, changing lives, making every contribution count. The organization advances the common good for everyone in the community by focusing on the building blocks for a better life: education, income and health.

UWCW conducts annual workplace and community fund-raising campaigns dedicated to support of the area's health and human services; organizes community leaders and experts to identify the needs of the community; and uses a volunteer driven grant funding model to invest in programs and partners who are committed to collaboration and measurable results. UWCW also funds strategic partnerships and initiatives that include Hands On Greater Portland (volunteer recruitment), Earned Income Tax Credit Assistance, Born Learning (early childhood education), Project Access NOW (health access and services, 211info (resource hotline), and the Community Relief Fund (food, rent and utility assistance).

Program Services - Dollars raised in an annual fund-raising campaign each year are returned to the community to address needs in the following ways:

Program Grants - The Board of Directors approves annual grants to agencies. Funds are distributed to local health and human service non-profit organizations through a rigorous volunteer driven evaluation process where applicants apply for funds to meet identified community needs consistent with established priorities. Non-profits receiving funds are also required to create strategic partnerships with other health and social service agencies to maximize community impact. Dollars are also awarded to programs with creative, cutting-edge service delivery approaches to responding to the needs of under-represented and diverse populations of people.

Community Investment - Community investment activities include regional and community needs assessment, data collection and analysis, community education presentations, production of documents designed to highlight regional needs, funding trends, and emerging issues. Additional activities include advocacy, public policy involvement, development and support of strategic initiatives, and community leadership.

Designations - Dollars are directed towards specific 501(c)(3) agencies as specified by the donor.

**UNITED WAY OF THE
COLUMBIA - WILLAMETTE**

Notes to Financial Statements - Continued

1. Nature of Operations and Significant Accounting Policies - Continued
Program Services - Continued

Combined Federal Campaign - The Combined Federal Campaign (CFC) was established by the Federal government in 1961. The CFC is the only authorized charitable fund-raising campaign for Federal employees, both civilian and military. A Local Federal Coordinating Committee (LFCC) comprised of local Federal employees, authorized by CFC regulations, organizes the CFC. UWCW was appointed by the LFCC as the Principal Combined Fund Organization (PCFO) to administer the local campaign under the direction and control of the LFCC and the U.S. Office of Personnel Management. In addition to administering the campaign as the PCFO, UWCW also applies annually to the CFC as a federation. As a CFC federation, UWCW honors designations made to each member organization by distributing a proportionate share of receipts based on donor designations to each member.

Supporting Services - Local volunteers and staff lead efforts in these key support areas of the organization:

Fund-raising:

Resource Development - Responsible for the annual fund-raising campaign, resource development also develops long-term relationships with key customers and facilitates the involvement of local organizations, corporations and businesses in community service.

Branding and Communication - Responsible for building strong programs in communications, advertising, media relations and special events, this area of UWCW is also key in increasing community awareness, visibility and education about UWCW.

Management and General - Responsible for providing support for all areas of UWCW, including campaign pledge processing, accounting, finance, facilities management, information systems and human resources management. Responsible for ensuring the financial integrity of UWCW, this area manages the financial controls and reporting of financial data to the volunteers, the donors and the community.

Significant Accounting Policies - The significant accounting policies followed by UWCW are described below to enhance the usefulness of the financial statements to the reader.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Significant estimates for which it is at least reasonably possible that a change in estimate will occur in the near term include the allowance for uncollectible pledge receivables and depreciation and amortization.

**UNITED WAY OF THE
COLUMBIA - WILLAMETTE**

Notes to Financial Statements - Continued

1. Nature of Operations and Significant Accounting Policies - Continued
Significant Accounting Policies - Continued

Cash and Cash Equivalents - UWCW considers all highly-liquid debt instruments with a maturity of three months or less to be cash equivalents. At June 30, 2010 and 2009, and on occasion throughout the respective years, UWCW's cash and cash equivalents exceeded Federally insured limits.

Accounts Receivable - Accounts receivable are recognized as services are provided. UWCW does not assess finance charges on delinquent accounts. UWCW uses the allowance method to account for uncollectible accounts receivable. The allowance is estimated by management based on various factors, including past history and current economic conditions. Management believes all accounts receivable at June 30, 2010 and 2009 are fully collectible, and that an allowance for uncollectible accounts is not necessary.

Pledges Receivable - Pledges receivable are shown net of an allowance for uncollectible pledges of \$601,479 and \$651,222 at June 30, 2010 and 2009, respectively. The provision for pledges estimated to be uncollectible is based on, among other things, UWCW's past collection experience and an estimate of the impact of current economic conditions. The remainder of the contributions are considered to be collectible within a year and are available for unrestricted use, unless specifically restricted by the donor. It is reasonably possible that the amount of uncollectible pledges could be materially different upon final settlement of each campaign.

Investments - UWCW carries investments in marketable securities with readily determinable fair values and all debt securities at their fair values in the statement of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Certificates of deposit and money market accounts are stated at amortized cost plus accrued interest, which approximates fair value.

Interest in Charitable Remainder Trust - During the year ended June 30, 2010, UWCW received a 1.579 percent remainder interest in a charitable remainder trust. Also during the year ended June 30, 2010, UWCW received a final distribution from a previously recognized charitable remainder trust.

UWCW's interest in the trust has been recorded as a temporarily restricted net asset measured at the present value of future cash receipts from the trust's assets, which is estimated to be UWCW's percentage of the fair value of the trust's assets.

Distributions from the trust are recorded as unrestricted revenue when received. Changes in the amount reported as an asset are recorded as an increase or decrease to temporarily restricted net assets.

**UNITED WAY OF THE
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Notes to Financial Statements - Continued

1. Nature of Operations and Significant Accounting Policies - Continued
Significant Accounting Policies - Continued

Interest in Perpetual Trusts - UWCW has a beneficial interest in certain perpetual trusts. The assets in the trusts are held and managed by third-party administrators. Under the terms of the trusts, UWCW has the irrevocable right to receive a percentage of the income earned on the trusts' assets in perpetuity, but never receives the assets held in the trusts.

UWCW's interest in the trusts has been recorded as a permanently restricted net asset measured at the present value of future cash receipts from the trusts' assets, which is estimated to be UWCW's percentage of the fair value of the trusts' assets.

Distributions from the trusts are recorded as unrestricted revenue when received. Changes in the amount reported as an asset are recorded as an increase or decrease to permanently restricted net assets.

Property and Equipment - UWCW follows the policy of capitalizing, at cost, all expenditures for property and equipment in excess of \$1,000. Property and equipment received through donation are recorded at estimated fair value at date of donation. Depreciation and amortization have been computed using the straight-line method over the following estimated useful lives:

Building	20 - 30 years
Furniture, equipment and improvements	3 - 15 years

Grants to Programs - Grants to programs and other unconditional promises to give are recorded as a liability and expense on approval by the Board of Directors. Generally, grants to programs are paid over the fiscal year following approval.

Net Assets - The accompanying financial statements have been prepared to focus on UWCW as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of UWCW's net assets in three classes: unrestricted, temporarily restricted, and permanently restricted, as follows:

Unrestricted net assets represent net assets not subject to donor-imposed stipulations. The Board has designated certain major bequests for Board designated financial reserve. It is the intention of the Board that such monies be maintained to provide a financial reserve that is available for expenditure at the discretion of the Board.

Temporarily restricted net assets represent net assets subject to donor-imposed stipulations that may or will be met by actions of UWCW and/or the passage of time.

Permanently restricted net assets represent net assets subject to donor-imposed restrictions that stipulate the resources be maintained permanently, but generally permit UWCW to use the income.

**UNITED WAY OF THE
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Notes to Financial Statements - Continued

1. Nature of Operations and Significant Accounting Policies - Continued
Significant Accounting Policies - Continued

Revenue Recognition - UWCW reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

UWCW reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, UWCW reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Temporarily restricted contributions are classified as unrestricted where the restriction is met in the same fiscal year the contribution is received.

Gross Campaign Revenue - During the Fall 2009 and 2008 annual campaigns, UWCW raised \$1,691,755 and \$1,780,578, respectively, for the Combined Federal Campaign administered by UWCW. UWCW has included these amounts in both pledge income and amounts designated to others in the accompanying statement of activities.

Premises Furnished to Agencies - Certain non-profit agencies use space in UWCW's office building. Rent is charged at below market rates and is included in rental income in the accompanying statement of activities.

In-Kind Contributions - UWCW receives advertising services from various newspapers, radio stations, and television stations free of charge. Donated advertising services recorded at estimated fair value were recognized in the amount of \$136,328 and \$247,600 for the years ended June 30, 2010 and 2009, respectively. These services have been recorded as in-kind contributions in the accompanying statement of activities at their estimated fair value, and as a component of advertising in the accompanying statement of functional expenses.

In addition, UWCW receives grants of equipment and other goods from local companies that are used in various UWCW programs. This equipment and other goods have been recorded at estimated fair value in the amount of \$4,200 and \$24,393 for the years ended June 30, 2010 and 2009, respectively. This equipment and other goods have been recorded as in-kind contributions in the accompanying statement of activities at estimated fair value.

**UNITED WAY OF THE
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Notes to Financial Statements - Continued

1. Nature of Operations and Significant Accounting Policies - Continued
Significant Accounting Policies - Continued

Donor-Designated Contributions - UWCW receives certain contributions designated by the donors for distribution to organizations both affiliated and unaffiliated with UWCW. Such designations are accepted if the ultimate recipient is another United Way chapter or meets certain criteria established by UWCW. These criteria include being a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code. These contributions are distributed to the designated agencies based on collections. Amounts remaining to be paid at the fiscal year end are reflected in the statement of financial position as donor-designated contributions payable.

Advertising - UWCW expenses all indirect advertising costs incurred. Total advertising expense was \$451,542 and \$605,687 for the years ended June 30, 2010 and 2009, respectively.

Income Taxes - Income taxes are not provided for in the financial statements since UWCW is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. UWCW is not classified as a private foundation.

Accounting principles generally accepted in the United States of America prescribe a recognition threshold and a measurement process for accounting for uncertain tax positions, and also provide guidance on various related matters such as interest, penalties, and required disclosures. Management believes UWCW does not have any uncertain tax positions. UWCW files informational returns. Generally these returns filed by UWCW are subject to examination by Federal or state tax authorities for a period of three years from the filing of the return. As such, the returns for the 2006, 2007, and 2008 tax years are currently subject to examination. Interest or penalties assessed by taxing authorities, if any, would be included with management and general expenses.

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

Reclassifications - Certain reclassifications have been made to the 2009 information to conform with the 2010 presentation.

Summarized Financial Information for 2009 - The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with UWCW's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

**UNITED WAY OF THE
COLUMBIA - WILLAMETTE**

Notes to Financial Statements - Continued

2. Defined Contribution Plan and Severance Pay Plan

Defined Contribution Plan - Effective April 1, 2000, UWCW established a defined contribution plan covering substantially all employees who have completed one year of service with the agency. The plan was established under Section 401(k) of the Internal Revenue Code. Employee contributions to the plan are in the form of salary deferrals, and are immediately 100 percent vested.

Employer contributions to the plan vary between 10 and 15 percent of eligible employee salaries, depending on employees' date of hire and other factors. Employer contributions become vested in 20 percent increments and are 100 percent vested once an employee completes six years of service.

Total employer contributions to the plan for the years ended June 30, 2010 and 2009, were \$122,265 and \$228,048, respectively.

Severance Pay Plan - In conjunction with the termination of the defined benefit pension plan, the Board of Directors has created a severance pay plan to provide a lump-sum benefit to certain employees whose employment terminates at a time when their retirement benefit is less than the benefit that would have been payable under the former plan. In order to be eligible for this plan, employees must be at least 40 years old, and have completed 10 years of service with UWCW. In addition, the individual must have been actively employed by UWCW on April 1, 2000.

No additional liability for the severance pay plan has been recorded for remaining eligible employees in these financial statements, as the amount of the future payments, if any, is dependent on several factors, including retirement dates of the eligible employees.

3. Investments

The composition of investments at June 30, 2010 and 2009, is as follows:

	2010	2009
Money market accounts	\$ 2,206,003	\$ 2,942,148
Bond funds	201,328	173,555
Equity mutual funds	64,262	64,279
Common stock	20,490	-
Stock in privately-held company (<i>Note 15</i>)	-	220,000
Cash surrender value of life insurance policies	30,185	35,644
Investments held at Oregon Community Foundation	84,825	80,879
Certificates of deposit	504,544	113,703
	<u>\$ 3,111,637</u>	<u>\$ 3,630,208</u>

**UNITED WAY OF THE
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Notes to Financial Statements - Continued

3. Investments - Continued

During the year ended June 30, 1997, UWCW entered into an agreement with the Oregon Community Foundation (OCF) to transfer \$50,000 to OCF in order to achieve improved performance results and enhanced long-term planned giving goals. The investments are to be held by OCF in perpetuity. Under the terms of the agreement, OCF will distribute annually a percentage of the fair market value of the fund to UWCW based on the expected total return on the investments of the permanent funds of OCF and other factors. The agreement specifies that such percentage shall not be less than a reasonable rate of return. Additional distributions may be made on a resolution of both of the organizations' Boards of Directors. Distributions of \$4,585 and \$4,571 were received from OCF during the years ended June 30, 2010 and 2009, respectively. The change in the value of the investments held at OCF has been reflected in the gain (loss) on investments in the accompanying statement of activities.

4. Interest in Charitable Remainder Trusts and Perpetual Trusts

Interest in Charitable Remainder Trusts - At June 30, 2010, UWCW has a 1.579 percent remainder interest in a charitable remainder trust. During the year ended June 30, 2010, UWCW received a final distribution from a charitable remainder trust it previously had an interest in. A summary of the change in UWCW interest in charitable remainder trusts is as follows:

	2010	2009
Balance, beginning of year	\$ 417	\$ 245,114
Contribution	3,469	-
Distribution	(467)	(247,689)
Change in value	<u>50</u>	<u>2,992</u>
Balance, end of year	<u>\$ 3,469</u>	<u>\$ 417</u>

Interest in Perpetual Trusts - UWCW has a beneficial interest in certain perpetual trusts. The present value of future distributions from trust assets is as follows:

	2010	2009
Balance, beginning of year	\$ 761,151	\$ 967,750
Change in value	<u>49,255</u>	<u>(206,599)</u>
Balance, end of year	<u>\$ 810,406</u>	<u>\$ 761,151</u>

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Notes to Financial Statements - Continued

5. Property and Equipment

	2010	2009
Land (pledged)	\$ 886,000	\$ 886,000
Building (pledged)	3,545,288	3,476,738
Furniture, equipment and improvements	<u>1,759,761</u>	<u>1,573,620</u>
	6,191,049	5,936,358
Less accumulated depreciation and amortization	<u>(3,416,660)</u>	<u>(3,109,069)</u>
	<u><u>\$ 2,774,389</u></u>	<u><u>\$ 2,827,289</u></u>

6. Note Payable

	2010	2009
Note payable to Union Central Life Insurance Company, payable in monthly installments of \$19,439 including interest at 4.75 percent per annum, secured by land and building. Due October, 2011.	<u>\$ 282,554</u>	<u>\$ 496,846</u>

Future principal maturities on the above note are as follows:

Years Ending June 30,	Amount
2011	\$ 205,562
2012	<u>76,992</u>
	<u><u>\$ 282,554</u></u>

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Notes to Financial Statements - Continued

7. Unrestricted Net Assets Designated by Board of Directors

Certain unrestricted net assets have been designated by the Board of Directors for special purposes. Designated unrestricted net assets consist of the following:

	2010	2009
Board-designated financial reserve	\$ 2,960,120	\$ 2,928,817
Board-designated for future retirement plan expenses	112,226	102,828
President's Fund	250,000	250,000
	<u>\$ 3,322,346</u>	<u>\$ 3,281,645</u>

8. Unrestricted Undesignated Net Assets

Unrestricted undesignated net assets consist of the following:

	2010	2009
Net investment in property and equipment	\$ 2,491,835	\$ 2,330,443
Unrestricted for operations	(1,248,537)	(1,412,284)
	<u>\$ 1,243,298</u>	<u>\$ 918,159</u>

9. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	2010	2009
Time restriction - charitable remainder trust (<i>Note 4</i>)	\$ 3,469	\$ 417
Time restriction - future campaigns	35,560	23,223
Time restriction - grants and bequests receivable	5,000	30,000
Gas assistance program	30,863	193,105
Other purpose restrictions	1,077	-
Unexpended endowment income (<i>Note 11</i>)	39,800	22,982
	<u>\$ 115,769</u>	<u>\$ 269,727</u>

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Notes to Financial Statements - Continued

10. Permanently Restricted Net Assets

Permanently restricted net assets are composed of the following:

	2010	2009
Pricket Endowment Fund	\$ 84,331	\$ 84,331
Amanada Reed Endowment Fund	3,338	3,338
General Endowment Fund	120,199	120,199
Interest in perpetual trusts (<i>Note 4</i>)	810,406	761,151
	<u>\$ 1,018,274</u>	<u>\$ 969,019</u>

11. Endowment Funds

UWCW's endowment consists of 5 individual funds comprised solely of donor restricted net assets (*Note 10*). No unrestricted or temporarily restricted net assets were functioning as an endowment for the years ended June 30, 2010 or 2009. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of UWCW has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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, UWCW 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 UWCW in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, UWCW considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (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 UWCW, and (7) UWCW's investment policies.

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Notes to Financial Statements - Continued

11. Endowment Funds - Continued

Investment and Spending Policies: UWCW has an investment policy that provides for investment objectives of (a) providing stable cash payout, preferably growing in real terms after inflation and (b) growing the principal in real terms after inflation. The spending of endowment assets is approved by the Board of Directors of UWCW. Currently, UWCW's spending rate is 5 percent of the average fair market value of endowment assets.

Funds held at OCF follow investment and spending policies determined by the Board of Directors of OCF. OCF's investment policy is intended to provide for long-term growth and currently the spending rate is 4.5 percent (per annum) of the average fair market value of the organization's funds based on a 13 quarter trailing average.

UWCW's interest in perpetual trusts, described in *Note 4*, is included in UWCW's endowment funds. The investment of these funds is determined by the trustees of the trusts rather than UWCW.

Composition of and changes in endowment net assets for the year ended June 30, 2010, were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment assets, beginning of year	\$ (1,633)	\$ 22,982	\$ 969,019	\$ 990,368
Interest and dividends	-	6,625	-	6,625
Gain on investments	1,633	20,734	-	22,367
Change in value of perpetual trusts	-	-	49,255	49,255
Investment management fees	-	(3,325)	-	(3,325)
Distributions	-	(7,216)	-	(7,216)
Endowment assets, end of year	<u>\$ -</u>	<u>\$ 39,800</u>	<u>\$ 1,018,274</u>	<u>\$ 1,058,074</u>

**UNITED WAY OF THE
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Notes to Financial Statements - Continued

12. Net Assets Released from Restrictions

During the year ended June 30, 2010, net assets were released from restrictions as follows:

Early campaign contributions for use in future periods - net of recoveries	\$ 23,223
Satisfaction of donor use restriction	192,242
Distribution and management fees from endowments	10,541
Distribution from charitable remainder trust	<u>467</u>
	<u><u>\$ 226,473</u></u>

13. Joint Costs

UWCW conducts certain activities that could be considered joint cost activities, including the publication of a quarterly newsletter and development of a web page. Management feels that the costs of conducting these activities is immaterial to the financial statements and has used the same cost allocation methods that are used for non-joint cost activities in the accompanying statement of functional expenses.

14. Financial Instruments with Concentrations of Credit Risk

Financial instruments which potentially subject UWCW to concentrations of credit risk consist principally of cash and cash equivalents, pledges receivable and investments, which are described in *Note 3*.

UWCW's investments, including those held related to split-interest agreements (*Note 4*), are exposed to various risks, such as interest rate, market and credit risk. The value, liquidity and related income of these investments are sensitive to changes in economic conditions, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

Substantially all of UWCW's investments in money market accounts are in excess of FDIC insurable limits

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Notes to Financial Statements - Continued

15. Fair Value Measurements

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. UWCW uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, UWCW measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value, and Level 3 inputs were only used when Level 1 or Level 2 inputs were not available. The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that UWCW has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets.
- Quoted prices for identical or similar assets in inactive markets.
- Inputs, other than quoted prices, that are observable for the asset.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology that are unobservable and significant to the fair value measurement.

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Notes to Financial Statements - Continued

15. Fair Value Measurements - Continued

The following tables sets forth by level, within the fair value hierarchy, UWCW's assets at fair value as of June 30, 2010:

	Level 1	Level 2	Level 3	Total
Bond funds:				
Short term bonds	\$ 49,651	\$ -	\$ -	\$ 49,651
High yield bonds	4,693	-	-	4,693
Intermediate term bond	146,984	-	-	146,984
Equity mutual funds:				
Large cap growth	17,182	-	-	17,182
Small cap growth	5,874	-	-	5,874
Large cap blend	8,936	-	-	8,936
Mid cap blend	994	-	-	994
Large cap value	15,524	-	-	15,524
Small cap value	3,275	-	-	3,275
Foreign large cap growth	5,778	-	-	5,778
Foreign large cap value	1,098	-	-	1,098
Foreign large cap blend	5,601	-	-	5,601
Common stock - domestic	20,490	-	-	20,490
Cash surrender value of life insurance policies	-	30,185	-	30,185
Investments held at OCF	-	-	84,825	84,825
	<u>\$ 286,080</u>	<u>\$ 30,185</u>	<u>\$ 84,825</u>	<u>\$ 401,090</u>
Investments, at fair value				
Interest in charitable remainder trust:				
Cash and cash equivalents	\$ 120	\$ -	\$ -	\$ 120
Bond funds	915	-	-	915
Equity funds	2,434	-	-	2,434
	<u>\$ 3,469</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,469</u>

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Notes to Financial Statements - Continued

15. Fair Value Measurements - Continued

	Level 1	Level 2	Level 3	Total
Interest in perpetual trusts:				
Cash and cash equivalents	\$ 13,834	\$ -	\$ -	\$ 13,834
Intermediate term bonds	173,195	-	-	173,195
Short term bonds	114,121	-	-	114,121
High yield bonds	16,103	-	-	16,103
Other bond funds	11,598	-	-	11,598
Large value	270,138	-	-	270,138
Foreign large blend	64,489	-	-	64,489
Large growth	24,230	-	-	24,230
Mid cap growth	45,507	-	-	45,507
Real estate	31,218	-	-	31,218
Small blend	22,009	-	-	22,009
Other equity funds	23,964	-	-	23,964
	<u>\$ 810,406</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 810,406</u>

Level 1 Measurements: Fair value of Level 1 assets described above is determined by reference to quoted market prices or other relevant market data as provided by the bank or broker. UWCW carries its interest in a charitable remainder trust and perpetual trusts at fair value based on UWCW's proportionate share of the underlying investments.

Level 2 Measurements: Fair value for cash surrender value of life insurance policies is based on pricing models or other relevant economic measures provided by the insurance companies.

Level 3 Measurements: Investments held at OCF represents UWCW's share of a pooled investment portfolio managed by OCF. UWCW's share of the pooled investment portfolio is not actively traded and significant other observable inputs are not available. However, the underlying investments of OCF are measured by management of OCF using a variety of valuation methods including Level 1, Level 2, and Level 3 inputs.

Stock in privately-held company represents stock donated to UWCW. Its fair value was determined by an appraisal conducted in 1993. During the year ended June 30, 2010, management of UWCW determined the likelihood of UWCW having any future benefit in this stock was less than probable. This determination came after several years of management attempting to contact the company without success, UWCW unwilling to make other efforts to sell the stock (such as legal action), and the fact that in 2010, UWCW was notified that the company has stopped paying dividends for the foreseeable future. Accordingly, an impairment loss of \$220,000 was recorded. A summary of the change in value of this investment is provided in the following table.

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Notes to Financial Statements - Continued

15. Fair Value Measurements - Continued

The following table provides a summary of changes in UWCW's Level 3 assets for the year ended June 30, 2010:

	Investments Held at OCF	Stock in Privately-held Company	Total
Balance, beginning of year	\$ 80,879	\$ 220,000	\$ 300,879
Interest and dividends	1,414	-	1,414
Gain on investment	7,862	-	7,862
Impairment loss	-	(220,000)	(220,000)
Management fees and distributions	(5,330)	-	(5,330)
	<u>\$ 84,825</u>	<u>\$ -</u>	<u>\$ 84,825</u>
Balance, end of year	<u>\$ 84,825</u>	<u>\$ -</u>	<u>\$ 84,825</u>

16. Related-Party Transactions

UWCW receives staff and volunteer training, national advertising services, and national campaign coordination and supplies from United Way Worldwide. As a result, UWCW elected to remit to United Way Worldwide \$189,783 and \$187,423 for the Fall 2009 and 2008 campaigns, respectively, which are recorded for the years ended June 30, 2010 and 2009, respectively. As of June 30, 2010 and 2009, these amounts had yet to be remitted to United Way Worldwide. These amounts are included as a component of accounts payable and accrued liabilities in the accompanying statement of financial position.

Certain members of the Board of Directors hold executive positions in agencies that receive funding from UWCW. The Board of Directors has adopted a conflict of interest policy and these Board members abstain from voting on any and all matters related to funding provided by UWCW.

UWCW maintains banking relationships with certain banks where members of the Board of Directors of UWCW hold key positions.

A member of the Board of Directors of UWCW is employed by the firm that provides legal counsel to UWCW.

17. Concentration

During the Fall 2009 and 2008 annual campaigns, one corporate donor accounted for approximately 27 and 26 percent, respectively, of net campaign revenue. There were no amounts outstanding from this corporate donor at June 30, 2010 and 2009.

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Notes to Financial Statements - Continued

18. Subsequent Events

Subsequent events have been evaluated through December 15, 2010, the date the financial statements were available to be issued.