



**United Way of the
Columbia-Willamette**

FINANCIAL STATEMENTS

Year Ended June 30, 2009

with

Independent Auditors' Report

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UNITED WAY OF THE
COLUMBIA - WILLAMETTE

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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, 2009, 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, 2008, financial statements and, in our report dated December 16, 2008, 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, 2009, 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, 2009

**UNITED WAY OF THE
COLUMBIA - WILLAMETTE**

Statement of Financial Position

June 30, 2009 (With Comparative Amounts for 2008)

	ASSETS			Total	
	Unrestricted	Temporarily Restricted	Permanently Restricted	2009	2008
Cash and cash equivalents	\$ 1,695,940	\$ 193,105	\$ -	\$ 1,889,045	\$ 1,969,959
Pledges receivable - net	5,610,872	23,223	-	5,634,095	6,019,769
Grants and bequests receivable	-	30,000	-	30,000	100,300
Accounts and other receivables	159,235	-	-	159,235	236,133
Prepaid expenses, deposits and other assets	232,531	-	-	232,531	318,678
Investments (Notes 3 and 16)	3,399,358	22,982	207,868	3,630,208	3,756,583
Interest in charitable remainder trust (Notes 4 and 16)	-	417	-	417	245,114
Interest in perpetual trusts (Notes 4 and 16)	-	-	761,151	761,151	967,750
Property and equipment - net (Notes 5 and 6)	2,827,289	-	-	2,827,289	2,852,962
Total assets	\$ 13,925,225	\$ 269,727	\$ 969,019	\$ 15,163,971	\$ 16,467,248
LIABILITIES AND NET ASSETS					
Liabilities:					
Accounts payable and accrued liabilities (Note 14)	\$ 490,356	\$ -	\$ -	\$ 490,356	\$ 424,788
Grants to programs	5,481,465	-	-	5,481,465	6,395,527
Donor-designated contributions payable	3,256,754	-	-	3,256,754	3,410,623
Note payable (Note 6)	496,846	-	-	496,846	701,216
Total liabilities	9,725,421	-	-	9,725,421	10,932,154
Net assets:					
Unrestricted:					
Board-designated (Note 7)	3,281,645	-	-	3,281,645	3,270,516
Undesignated (Note 8)	918,159	-	-	918,159	672,823
Temporarily restricted (Note 10)	-	269,727	-	269,727	416,137
Permanently restricted (Note 11)	-	-	969,019	969,019	1,175,618
Total net assets	4,199,804	269,727	969,019	5,438,550	5,535,094
Total liabilities and net assets	\$ 13,925,225	\$ 269,727	\$ 969,019	\$ 15,163,971	\$ 16,467,248

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

**UNITED WAY OF THE
COLUMBIA - WILLAMETTE**

Statement of Activities

Year Ended June 30, 2009 (With Comparative Totals for 2008)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2009	2008
Public support and revenue:					
Gross campaign revenue, including amounts raised for others (Note 1)	\$ 20,518,086	\$ 142,763	\$ -	\$ 20,660,849	\$ 19,722,405
Less amounts designated to others	(9,112,554)	-	-	(9,112,554)	(8,050,118)
Campaign revenue	11,405,532	142,763	-	11,548,295	11,672,287
Less provision for uncollectable pledges	(650,000)	-	-	(650,000)	(500,000)
Net campaign revenue	10,755,532	142,763	-	10,898,295	11,172,287
Revenue:					
Grants, bequests and other public support	28,806	30,000	-	58,806	330,558
In-kind contributions	271,993	-	-	271,993	271,842
Interest and dividends	67,932	10,260	-	78,192	179,451
Loss on investments	(21,837)	(33,846)	-	(55,683)	(16,484)
Trust income	7,329	-	-	7,329	6,553
Distributions from perpetual trusts	48,074	-	-	48,074	53,897
Service fees	129,540	-	-	129,540	98,872
Rental income	162,358	-	-	162,358	233,690
Increase (decrease) in interest in charitable remainder trust (Note 4)	-	2,992	-	2,992	(19,796)
Decrease in interest in perpetual trusts (Note 4)	-	-	(206,599)	(206,599)	(126,668)
Other	49,321	-	-	49,321	112,099
Total revenue	743,516	9,406	(206,599)	546,323	1,124,014
Net assets released from restrictions (Note 13)	298,579	(298,579)	-	-	-
Total public support and revenue (carried forward)	11,797,627	(146,410)	(206,599)	11,444,618	12,296,301

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, 2009 *(With Comparative Totals for 2008)*

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2009	2008
Total public support and revenue (brought forward)	\$ 11,797,627	\$ (146,410)	\$ (206,599)	\$ 11,444,618	\$ 12,296,301
Expenses:					
Program services:					
Program grants	6,022,288	-	-	6,022,288	7,014,998
Community investment	1,967,111	-	-	1,967,111	1,941,228
Total program services	7,989,399	-	-	7,989,399	8,956,226
Supporting services:					
Fund-raising campaign	2,173,918	-	-	2,173,918	2,006,229
Management and general	1,377,845	-	-	1,377,845	1,283,172
Total supporting services	3,551,763	-	-	3,551,763	3,289,401
Total expenses	11,541,162	-	-	11,541,162	12,245,627
Increase (decrease) in net assets	256,465	(146,410)	(206,599)	(96,544)	50,674
Net assets, beginning of year <i>(Note 9)</i>	3,943,339	416,137	1,175,618	5,535,094	5,484,420
Net assets, end of year	\$ 4,199,804	\$ 269,727	\$ 969,019	\$ 5,438,550	\$ 5,535,094

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, 2009 (With Comparative Totals for 2008)

	Program Services		Supporting Services			Total
	Program Grants	Community Investment	Total Program Services	Fund-raising Campaign	Management and General	
Program grants	\$ 6,022,288	\$ -	\$ 6,022,288	\$ -	\$ -	\$ 6,022,288
Salaries and wages	-	767,148	767,148	1,072,689	770,770	1,843,459
Employee benefits and payroll taxes	-	212,517	212,517	280,740	230,402	511,142
Professional services	-	114,086	114,086	33,236	55,095	88,331
Telephone and postage	-	17,458	17,458	21,788	24,246	46,034
Occupancy	-	219,314	219,314	40,000	37,853	77,853
Equipment rental and maintenance	-	8,198	8,198	11,766	17,860	29,626
Supplies and subscriptions	-	5,828	5,828	12,763	9,365	22,128
Advertising	-	137,781	137,781	467,305	601	467,906
Printing and supplies	-	56,187	56,187	78,197	7,438	85,635
Travel, conferences and meetings	-	53,220	53,220	61,745	29,025	90,770
Interest	-	21,117	21,117	3,539	4,240	7,779
Miscellaneous	-	32,838	32,838	13,381	109,012	122,393
United Way of America dues	-	168,678	168,678	2,031	19,071	21,102
Total before depreciation and amortization	6,022,288	1,814,370	7,836,658	2,099,180	1,314,978	3,414,158
Depreciation and amortization	-	152,741	152,741	74,738	62,867	137,605
						11,250,816
						290,346
						305,924
						11,939,703
						184,017
						195,934
						38,359
						105,917
						174,278
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						174,278

**UNITED WAY OF THE
COLUMBIA - WILLAMETTE**

Statement of Cash Flows

Year Ended June 30, 2009 <i>(With Comparative Totals for 2008)</i>	2009	2008
Cash flows from operating activities:		
Cash receipts:		
Pledges	\$ 20,396,523	\$ 18,780,304
Service fees	206,438	120,112
Grants, bequests and other support	129,106	465,558
Interest and dividends	78,192	179,451
Other	267,082	406,239
Cash paid:		
Allocations to agencies	(6,936,350)	(7,109,418)
Donor designated contributions to agencies	(9,266,423)	(7,450,940)
Employees and suppliers	(4,796,221)	(4,363,983)
Interest	(28,896)	(38,359)
Payments to affiliated organizations	(93,712)	(184,017)
Net cash provided (used) by operating activities	(44,261)	804,947
Cash flows from investing activities:		
Purchases of property and equipment	(150,664)	(252,956)
Deposit paid for property and equipment	-	(111,779)
Purchase of investments	(62,499)	(598,960)
Proceeds from sale of investments	133,191	194,599
Proceeds received from charitable remainder trust	247,689	-
Net cash provided (used) by investing activities	167,717	(769,096)
Cash flows from financing activities:		
Payments on note payable	(204,370)	(194,908)
Payments on capital lease obligation	-	(2,793)
Net cash used by financing activities	(204,370)	(197,701)
Net decrease in cash and cash equivalents	(80,914)	(161,850)
Cash and cash equivalents, beginning of year	1,969,959	2,131,809
Cash and cash equivalents, end of year	\$ 1,889,045	\$ 1,969,959

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, 2009 (With Comparative Totals for 2008)	2009	2008
Reconciliation of increase (decrease) in net assets to net cash provided (used) by operating activities:		
Increase (decrease) in net assets	\$ (96,544)	\$ 50,674
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization	290,346	305,924
Loss on investments	55,683	16,484
(Increase) decrease in interest in charitable remainder trust	(2,992)	19,796
Decrease in interest in perpetual trusts	206,599	126,668
Donated property and equipment	(2,230)	-
(Increase) decrease in:		
Pledges receivable - net	385,674	(442,101)
Grants receivable	70,300	135,000
Accounts receivable	76,898	21,240
Prepaid expenses, deposits and other assets	(25,632)	(1,537)
Increase (decrease) in:		
Accounts payable and accrued liabilities	65,568	68,041
Allocations payable	(914,062)	(94,420)
Donor-designated contributions payable	(153,869)	599,178
Net cash provided (used) by operating activities	<u>\$ (44,261)</u>	<u>\$ 804,947</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 - United Way of the Columbia-Willamette (UWCW) is the Portland metropolitan region's leading and oldest health and human service support organization. Incorporated in 1952, UWCW conducts annual workplace and community fund-raising campaigns dedicated to support of the area's health and human services; organizes community experts to identify key social problems and develops and empowers solutions; recruits, trains and deploys community volunteers; and provides professional services to an array of community projects. UWCW's mission is, "Helping people, changing lives, making every contribution count."

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.

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, United Way of the Columbia-Willamette also applies annually to the CFC as a federation. As a CFC federation, United Way of the Columbia-Willamette honors designations made to each member organization by distributing a proportionate share of receipts based on donor designations to each member.

**UNITED WAY OF THE
COLUMBIA - WILLAMETTE**

Notes to Financial Statements - Continued

1. Nature of Operations and Significant Accounting Policies - Continued

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 of 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 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, depreciation and amortization, and the investment in the stock of a privately-held company.

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, 2009 and 2008, and on occasion throughout the respective years, UWCW's cash and cash equivalents exceeded Federally insured limits.

**UNITED WAY OF THE
COLUMBIA - WILLAMETTE**

Notes to Financial Statements - Continued

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

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, 2009 and 2008 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 \$651,222 and \$501,244 at June 30, 2009 and 2008, respectively. The provision for pledges estimated to be uncollectible is based, among other things, on UWCW's past collection experience and an estimate of the impact of current economic conditions. The remainder of the contributions is considered to be collectible within a year and is 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.

Interest in Charitable Remainder Trust - UWCW has a 5.882 percent remainder interest in a charitable remainder trust. The last of the income beneficiaries related to this trust passed away during the fiscal year ended June 30, 2009, and UWCW received a distribution of \$247,689 in May, 2009. The remaining assets of the trust were distributed in September, 2009.

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
COLUMBIA - WILLAMETTE**

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
COLUMBIA - WILLAMETTE**

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 2008 and 2007 annual campaigns, UWCW raised \$1,780,578 and \$1,575,132, 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 \$247,600 and \$238,706 for the years ended June 30, 2009 and 2008, 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 printing, publications and supplies 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 \$24,393 and \$33,136 for the years ended June 30, 2009 and 2008, 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
COLUMBIA - WILLAMETTE**

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. Donated advertising for the years ended June 30, 2009 and 2008 totaled \$247,600 and \$238,706, respectively. Total advertising expense was \$605,687 and \$441,946 for the years ended June 30, 2009 and 2008, 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.

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 2008 information to conform with the 2009 presentation.

Summarized Financial Information for 2008 - 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, 2008, from which the summarized information was derived.

**UNITED WAY OF THE
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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 an employee's date of hire. 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, 2009 and 2008 were \$228,048 and \$190,986, 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, 2009 and 2008 is as follows:

	2009	2008
Money market accounts	\$ 2,942,148	\$ 2,899,390
Bond funds	173,555	273,786
Equity mutual funds	64,279	105,404
Stock in privately-held company	220,000	220,000
Cash surrender value of life insurance policies	35,644	39,966
Investments held at Oregon Community Foundation	80,879	107,913
Certificate of deposit	113,703	110,124
	<u>\$ 3,630,208</u>	<u>\$ 3,756,583</u>

**UNITED WAY OF THE
COLUMBIA - WILLAMETTE**

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 \$4,571 and \$4,270 were received from OCF during the years ended June 30, 2009 and 2008, respectively. The change in the value of the investments held at OCF has been reflected in the loss on investments in the accompanying statement of activities.

4. Interest in Charitable Remainder Trust and Perpetual Trusts

Interest in Charitable Remainder Trust - UWCW has a 5.882 percent remainder interest in a charitable remainder trust. UWCW received a partial distribution from the trust in May, 2009 and received a final distribution in September, 2009.

	2009	2008
Balance, beginning of year	\$ 245,114	\$ 264,910
Distribution	(247,689)	-
Change in value	2,992	(19,796)
	<u>\$ 417</u>	<u>\$ 245,114</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:

	2009	2008
Balance, beginning of year	\$ 967,750	\$ 1,094,418
Change in value	(206,599)	(126,668)
	<u>\$ 761,151</u>	<u>\$ 967,750</u>

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

5. Property and Equipment

	2009	2008
Land (pledged)	\$ 886,000	\$ 886,000
Building (pledged)	3,476,738	3,476,738
Furniture, equipment and improvements	<u>1,573,620</u>	<u>1,308,947</u>
	5,936,358	5,671,685
Less accumulated depreciation and amortization	<u>(3,109,069)</u>	<u>(2,818,723)</u>
	<u><u>\$ 2,827,289</u></u>	<u><u>\$ 2,852,962</u></u>

6. Note Payable

	2009	2008
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>\$ 496,846</u>	<u>\$ 701,216</u>

Future principal maturities on the above note are as follows:

Years Ending June 30,	Amount
2010	\$ 196,044
2011	223,810
2012	<u>76,992</u>
	<u><u>\$ 496,846</u></u>

**UNITED WAY OF THE
COLUMBIA - WILLAMETTE**

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:

	2009	2008
Board-designated financial reserve	\$ 2,928,817	\$ 2,876,650
Board-designated for future retirement plan expenses	102,828	243,866
Strategic initiative reserve	-	100,000
Earned income tax credit and education initiative President's Fund	250,000	50,000 -
	<u>\$ 3,281,645</u>	<u>\$ 3,270,516</u>

8. Unrestricted Undesignated Net Assets

Unrestricted undesignated net assets consist of the following:

	2009	2008
Net investment in property and equipment	\$ 2,330,443	\$ 2,151,746
Unrestricted for operations	(1,412,284)	(1,478,923)
	<u>\$ 918,159</u>	<u>\$ 672,823</u>

**UNITED WAY OF THE
COLUMBIA - WILLAMETTE**

Notes to Financial Statements - Continued

9. Reclassification of Net Assets

During the year ended June 30, 2009, UWCW adopted FASB Staff Position FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*. Among other things, the new pronouncement requires that the portion of a donor-restricted endowment fund that is not classified in permanently restricted net assets be classified as temporarily restricted net assets, even in the absence of explicit purpose restrictions, until an amount is appropriated for expenditure by the organization. Accordingly, the organization reclassified the unexpended endowment earnings available for general operations from unrestricted net assets to temporarily restricted net assets.

Additionally, UWCW determined that unexpended endowment earnings, absent from explicit purpose restriction, previously included in permanently restricted net assets should be included in the temporarily restricted net assets. Accordingly, unexpended endowment earnings previously included in permanently restricted net assets was reclassified to temporarily restricted net assets.

Net assets at June 30, 2008, have been reclassified as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
As previously reported	\$ 3,963,017	\$ 358,028	\$ 1,214,049	\$ 5,535,094
Unexpended endowment earnings previously included in permanently restricted net assets	-	38,431	(38,431)	-
Unexpended endowment earnings available for operations	<u>(19,678)</u>	<u>19,678</u>	<u>-</u>	<u>-</u>
As reclassified	<u>\$ 3,943,339</u>	<u>\$ 416,137</u>	<u>\$ 1,175,618</u>	<u>\$ 5,535,094</u>

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

10. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	2009	2008
Time restriction - charitable remainder trust <i>(Note 4)</i>	\$ 417	\$ 245,114
Time restriction - future campaigns	23,223	39,349
Time restriction - grants and bequests receivable	30,000	-
Gas assistance program	193,105	73,565
Unexpended endowment income <i>(Note 12)</i>	22,982	58,109
	<u>\$ 269,727</u>	<u>\$ 416,137</u>

11. Permanently Restricted Net Assets

Permanently restricted net assets are composed of the following:

	2009	2008
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>	761,151	967,750
	<u>\$ 969,019</u>	<u>\$ 1,175,618</u>

12. Endowment Funds

UWCW's endowment consists of 5 individual funds comprised solely of donor restricted net assets *(Note 11)*. No unrestricted or temporarily restricted net assets were functioning as an endowment for the years ended June 30, 2009 or 2008. As required by accounting principles generally accepted in the United States of America, 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.

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

12. Endowment Funds - Continued

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.

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, 2009, were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment assets, beginning of year	\$ -	\$ 58,109	\$ 1,175,618	\$ 1,233,727
Interest and dividends	-	10,260	-	10,260
Loss on investments	(1,633)	(33,846)	-	(35,479)
Decrease in interest in perpetual trusts	-	-	(206,599)	(206,599)
Investment management fees	-	(3,351)	-	(3,351)
Distributions	-	(8,190)	-	(8,190)
Endowment assets, end of year	<u>\$ (1,633)</u>	<u>\$ 22,982</u>	<u>\$ 969,019</u>	<u>\$ 990,368</u>

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

12. Endowment Funds - Continued

From time-to-time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the organization to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature that were reported in unrestricted net assets were \$1,633 as of June 30, 2009. These deficiencies resulted primarily from unfavorable market fluctuations during the year ended June 30, 2009.

13. Net Assets Released from Restrictions

During the year ended June 30, 2009, net assets were released from restrictions as follows:

Early campaign contributions for use in future periods - net of recoveries	\$ 39,349
Satisfaction of donor use restriction	11,541
Distribution from charitable remainder trust	<u>247,689</u>
	<u>\$ 298,579</u>

14. 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.

15. 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

16. Fair Value Measurements

FASB Statement No. 157, *Fair Value Measurements*, 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 under FASB Statement No. 157 are described as follows:

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

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

16. Fair Value Measurements - Continued

The following table sets forth by level, within the fair value hierarchy, UWCW's assets at fair value as of June 30, 2009:

	Level 1	Level 2	Level 3	Total
Money market accounts	\$ -	\$ 2,942,148	\$ -	\$ 2,942,148
Bond funds	173,555	-	-	173,555
Equity mutual funds	64,279	-	-	64,279
Stock in privately-held company	-	-	220,000	220,000
Cash surrender value of life insurance policies	-	35,644	-	35,644
Investments held at OCF	-	-	80,879	80,879
Certificate of deposit	-	113,703	-	113,703
	<u>237,834</u>	<u>3,091,495</u>	<u>300,879</u>	<u>3,630,208</u>
Investments, at fair value				
Interest in charitable remainder trust:				
Money market funds	417	-	-	417
Interest in perpetual trusts:				
Money market funds	25,767	-	-	25,767
Bond funds	303,080	-	-	303,080
Equity mutual funds	432,304	-	-	432,304
	<u>\$ 999,402</u>	<u>\$ 3,091,495</u>	<u>\$ 300,879</u>	<u>\$ 4,391,776</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 money market accounts, cash surrender value of life insurance policies, and the certificate of deposit is based on pricing models, quoted prices of securities with similar characteristics, yield curves, and other relevant economic measures.

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.

**UNITED WAY OF THE
COLUMBIA - WILLAMETTE**

Notes to Financial Statements - Continued

16. Fair Value Measurements - Continued

Level 3 Measurements: UWCW carries its investment in stock of a privately-held company at fair value as determined by the most recent appraisal, which was conducted in 1993. Management of UWCW is not aware of any conditions that would cause its investment in the stock of this privately-held company to be impaired, and believes that the value recorded in the financial statements is the best estimate of the current fair value of the stock.

	Investments Held at OCF	Stock in Privately-held Company	Total
Balance, beginning of year	\$ 107,913	\$ 220,000	\$ 327,913
Interest and dividends	3,277	-	3,277
Realized and unrealized losses	(24,969)	-	(24,969)
Change in value of interest in trusts	-	-	-
Management fees and distributions	(5,342)	-	(5,342)
Balance, end of year	<u>\$ 80,879</u>	<u>\$ 220,000</u>	<u>\$ 300,879</u>

17. Related-Party Transactions

UWCW receives staff and volunteer training, national advertising services, and national campaign coordination and supplies from United Way of America, Inc. As a result, UWCW elected to remit to United Way of America, Inc. \$189,780 and \$184,017 for the Fall 2008 and 2007 campaigns, respectively, which are recorded for the years ended June 30, 2009 and 2008, respectively. As of June 30, 2009 and 2008, \$187,423 and \$91,355, respectively, had yet to be remitted to United Way of America, Inc. 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.

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

18. Concentration

During the Fall 2008 and 2007 annual campaigns, one corporate donor accounted for approximately 26 and 23 percent, respectively, of net campaign revenue. There were no amounts outstanding from this corporate donor at June 30, 2009 and 2008, respectively.

19. Subsequent Events

Subsequent events have been evaluated through December 15, 2009, which is the date the financial statements were available to be issued.

