United Way of the Columbia-Willamette

CONSOLIDATED FINANCIAL STATEMENTS

Year Ended June 30, 2013

with

Independent Auditors' Report

UNITED WAY OF THE COLUMBIA-WILLAMETTE

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HOFFMAN, STEWART & SCHMIDT, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
4900 Meadows Rd., Suite 200 • Lake Oswego, Oregon 97035-3295
Telephone: (503) 220-5900 • Facsimile: (503) 220-8836

Independent Auditors' Report

The Board of Directors
United Way of the Columbia-Willamette

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of United Way of the Columbia-Willamette and affiliate (together, herein referred to as the Organizations) which comprise the consolidated statement of financial position as of June 30, 2013, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of United Way of the Columbia-Willamette and affiliate as of June 30, 2013, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited United Way of the Columbia-Willamette's 2012 financial statements, and our report dated January 16, 2013, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hoffman, Stewart & Schmidt, P.C.

Lake Oswego, Oregon
January 15, 2014

UNITED WAY OF THE COLUMBIA-WILLAMETTE

Consolidated Statement of Financial Position

June 30, 2013 *(With Comparative Amounts for 2012)*

ASSETS

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2013	Total 2012
Cash and cash equivalents	$ 2,085,743	$ 346,221	$ -	$ 2,431,964	$ 3,009,829
Pledges receivable - net *(Note 3)*	5,745,724	300,000	-	6,045,724	5,950,576
Grants and bequests receivable *(Note 4)*	7,931	525,000	-	532,931	525,000
Accounts and other receivables	103,420	-	-	103,420	93,851
Prepaid expenses, deposits and other assets	279,155	-	-	279,155	219,776
Investments *(Notes 5 and 16)*	3,235,912	74,923	2,207,868	5,518,703	3,827,163
Interest in perpetual trusts *(Notes 6 and 16)*	-	-	921,130	921,130	889,357
Property and equipment - net *(Note 7)*	2,582,112	-	-	2,582,112	2,607,329
Total assets	**$ 14,039,997**	**$ 1,246,144**	**$ 3,128,998**	**$ 18,415,139**	**$ 17,122,881**

LIABILITIES AND NET ASSETS

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2013	Total 2012
Liabilities:					
Accounts payable and accrued liabilities *(Note 17)*	$ 513,476	$ -	$ -	$ 513,476	$ 399,149
Accrued grants to programs	3,163,628	-	-	3,163,628	4,305,158
Donor-designated contributions payable	4,187,027	-	-	4,187,027	4,071,385
Total liabilities	**7,864,131**	**-**	**-**	**7,864,131**	**8,775,692**
Commitments *(Note 2)*					
Net assets:					
Unrestricted:					
Board-designated *(Note 8)*	3,488,453	-	-	3,488,453	3,359,395
Undesignated *(Note 9)*	2,687,413	-	-	2,687,413	2,517,499
Temporarily restricted *(Note 10)*	-	1,246,144	-	1,246,144	1,373,070
Permanently restricted *(Notes 11 and 12)*	-	-	3,128,998	3,128,998	1,097,225
Total net assets	**6,175,866**	**1,246,144**	**3,128,998**	**10,551,008**	**8,347,189**
Total liabilities and net assets	**$ 14,039,997**	**$ 1,246,144**	**$ 3,128,998**	**$ 18,415,139**	**$ 17,122,881**

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

UNITED WAY OF THE COLUMBIA-WILLAMETTE

Consolidated Statement of Activities

Year Ended June 30, 2013 *(With Comparative Totals for 2012)*

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2013	Total 2012
Public support and revenue:					
Gross campaign revenue, including amounts raised for others *(Note 1)*	$ 21,189,591	$ 449,301	$ -	$ 21,638,892	$ 22,914,071
Less amounts designated to others	(11,849,793)	(200,000)	-	(12,049,793)	(11,715,141)
Campaign revenue	9,339,798	249,301	-	9,589,099	11,198,930
Less provision for uncollectible pledges	(500,000)	-	-	(500,000)	(600,000)
Net campaign revenue	8,839,798	249,301	-	9,089,099	10,598,930
Grants, bequests and other public support	219,464	-	2,000,000	2,219,464	825,950
In-kind contributions	166,866	-	-	166,866	191,959
Service fees	96,736	-	-	96,736	96,718
Rental income	153,875	-	-	153,875	228,202
Other	23,829	-	-	23,829	41,535
Net assets released from restrictions *(Note 13)*	425,653	(425,653)	-	-	-
Total public support and revenue	**9,926,221**	**(176,352)**	**2,000,000**	**11,749,869**	**11,983,294**
Expenses:					
Program services:					
Program grants, including amounts raised for others *(Note 1)*	15,355,612	200,000	-	15,555,612	16,638,583
Less amounts designated to others	(11,849,793)	(200,000)	-	(12,049,793)	(11,715,141)
Net program grants	3,505,819	-	-	3,505,819	4,923,442
Community investment	2,073,014	-	-	2,073,014	2,009,814
Hands on Greater Portland	474,298	-	-	474,298	-
Total program services	6,053,131	-	-	6,053,131	6,933,256
Supporting services:					
Fundraising campaign	2,293,969	-	-	2,293,969	2,063,029
Management and general	1,507,037	-	-	1,507,037	1,416,419
Total supporting services	3,801,006	-	-	3,801,006	3,479,448
Total expenses	**9,854,137**	**-**	**-**	**9,854,137**	**10,412,704**
Increase (decrease) in net assets from operating activities (carried forward)	**72,084**	**(176,352)**	**2,000,000**	**1,895,732**	**1,570,590**

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

UNITED WAY OF THE COLUMBIA-WILLAMETTE

Consolidated Statement of Activities - Continued

Year Ended June 30, 2013 *(With Comparative Totals for 2012)*

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2013	Total 2012
Increase (decrease) in net assets from operating activities (brought forward)	**$ 72,084**	**$ (176,352)**	**$ 2,000,000**	**$ 1,895,732**	**$ 1,570,590**
Non-operating activities:					
Interest and dividends	6,098	5,590	-	11,688	14,586
Gain (loss) on investments	(44,889)	15,336	-	(29,553)	31,563
Distributions from perpetual trusts	40,870	-	-	40,870	38,259
Change in value of interest in charitable remainder trust	-	-	-	-	150
Change in value of perpetual trusts *(Note 6)*	-	-	31,773	31,773	(40,279)
Increase in net assets from acquisition of assets of Hands on Greater Portland *(Note 19)*	224,809	28,500	-	253,309	-
Total non-operating activities	**226,888**	**49,426**	**31,773**	**308,087**	**44,279**
Increase (decrease) in net assets	**298,972**	**(126,926)**	**2,031,773**	**2,203,819**	**1,614,869**
Net assets, beginning of year	5,876,894	1,373,070	1,097,225	8,347,189	6,732,320
Net assets, end of year	**$ 6,175,866**	**$ 1,246,144**	**$ 3,128,998**	**$ 10,551,008**	**$ 8,347,189**

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

UNITED WAY OF THE COLUMBIA-WILLAMETTE

Consolidated Statement of Functional Expenses

Year Ended June 30, 2013 *(With Comparative Totals for 2012)*

	Program Services				Supporting Services			Total	
	Program Grants	Community Investment	Hands on Greater Portland	Total	Fundraising Campaign	Management and General	Total	2013	2012
Program grants, including amounts raised for others	$ 15,555,612	$ -	$ -	$ 15,555,612	$ -	$ -	$ -	$ 15,555,612	$ 16,638,583
Less amounts designated to others	(12,049,793)	-	-	(12,049,793)	-	-	-	(12,049,793)	(11,715,141)
Net program grants	3,505,819	-	-	3,505,819	-	-	-	3,505,819	4,923,442
Salaries and wages	-	880,008	265,494	1,145,502	1,105,846	813,783	1,919,629	3,065,131	2,704,742
Employee benefits and payroll taxes	-	256,040	75,198	331,238	299,752	247,860	547,612	878,850	715,929
Professional services	-	94,653	35,175	129,828	126,665	83,684	210,349	340,177	132,335
Telephone and postage	-	19,721	3,635	23,356	25,486	29,513	54,999	78,355	69,007
Occupancy	-	146,378	23,180	169,558	71,333	68,488	139,821	309,379	288,349
Equipment rental and maintenance	-	20,387	6,363	26,750	20,702	16,081	36,783	63,533	45,092
Supplies and subscriptions	-	12,729	4,940	17,669	18,390	9,958	28,348	46,017	29,180
Advertising	-	119,740	1,604	121,344	261,619	-	261,619	382,963	466,069
Printing and supplies	-	22,273	10,165	32,438	95,536	1,781	97,317	129,755	140,907
Travel, conferences and meetings	-	105,795	20,981	126,776	95,591	46,804	142,395	269,171	172,231
Interest	-	-	-	-	-	-	-	-	665
Miscellaneous	-	12,457	4,912	17,369	65,494	93,908	159,402	176,771	169,350
United Way Worldwide dues	-	179,354	-	179,354	21,429	13,154	34,583	213,937	196,131
Total before depreciation and amortization	3,505,819	1,869,535	451,647	5,827,001	2,207,843	1,425,014	3,632,857	9,459,858	10,053,429
Depreciation and amortization	-	203,479	22,651	226,130	86,126	82,023	168,149	394,279	359,275
	$ 3,505,819	**$ 2,073,014**	**$ 474,298**	**$ 6,053,131**	**$ 2,293,969**	**$ 1,507,037**	**$ 3,801,006**	**$ 9,854,137**	**$ 10,412,704**

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

UNITED WAY OF THE COLUMBIA-WILLAMETTE

Consolidated Statement of Cash Flows

Year Ended June 30, 2013 *(With Comparative Totals for 2012)*	**2013**	**2012**
Cash flows from operating activities:		
Cash receipts:		
Campaign revenue	$ 21,043,744	$ 21,152,508
Service fees	98,367	116,132
Grants, bequests and other support	338,700	395,052
Interest and dividends	11,688	14,586
Other	218,574	307,996
Cash paid:		
Allocations to agencies	(4,647,349)	(5,519,924)
Donor designated contributions to agencies	(11,934,151)	(11,722,191)
Employees and suppliers	(5,538,327)	(4,703,767)
Interest	-	(665)
Payments to affiliated organizations	(205,898)	(189,032)
Net cash used by operating activities	**(614,652)**	**(149,305)**
Cash flows from investing activities:		
Purchases of property and equipment	(369,062)	(158,688)
Purchase of investments	(2,010,793)	(11,755)
Proceeds from sale of investments	289,700	5,405
Cash and cash equivalents acquired in acquisition of assets of Hands on Greater Portland	129,942	-
Cash paid for acquisition of assets of Hands on Greater Portland	(3,000)	-
Net cash used by investing activities	**(1,963,213)**	**(165,038)**
Cash flows from financing activities:		
Payments on note payable	-	(57,858)
Proceeds from contribution restricted for endowment	2,000,000	-
Net cash provided (used) by financing activities	**2,000,000**	**(57,858)**
Net decrease in cash and cash equivalents	**(577,865)**	**(372,201)**
Cash and cash equivalents, beginning of year	3,009,829	3,382,030
Cash and cash equivalents, end of year	**$ 2,431,964**	**$ 3,009,829**

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

UNITED WAY OF THE COLUMBIA-WILLAMETTE

Consolidated Statement of Cash Flows - Continued

Year Ended June 30, 2013 *(With Comparative Totals for 2012)*	**2013**	**2012**
Reconciliation of increase in net assets to net cash used by operating activities:		
Increase in net assets	$ 2,203,819	$ 1,614,869
Adjustments to reconcile increase in net assets to net cash used by operating activities:		
Depreciation and amortization	394,279	359,275
(Gain) loss on investments	29,553	(31,563)
Change in value of perpetual trusts	(31,773)	40,279
Donated investments	-	(636,949)
Contribution restricted for endowment	(2,000,000)	-
Increase in net assets from acquisition of assets and assumption of liabilities of Hands on Greater Portland	(253,309)	-
(Increase) decrease in:		
Pledges receivable - net	(95,148)	(524,614)
Grants and bequests receivable	119,236	(435,000)
Accounts and other receivables	1,631	19,414
Prepaid expenses, deposits and other assets	(59,379)	13,099
Interest in charitable remainder trust	-	4,102
Increase (decrease) in:		
Accounts payable and accrued liabilities	102,327	31,465
Accrued grants to programs	(1,141,530)	(596,482)
Donor-designated contributions payable	115,642	(7,050)
Net cash used by operating activities	**$ (614,652)**	**$ (149,155)**
Non-cash investing and financing activities:		
Acquisition of assets and assumption of liabilities of Hands on Greater Portland:		
Grants receivable	$ 127,167	$ -
Accounts receivable	11,200	-
Accounts payable and accrued liabilities	12,000	-

The accompanying notes are an integral part of the consolidated 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. UWCW joined United Way Worldwide (previously United Way of America) and was incorporated under United Way of the Columbia-Willamette in 1952. United Way's role in helping the community has remained consistent over the years. UWCW's mission is: *Improve lives, strengthen communities, and advance equity by mobilizing the caring power of people across our metro area.* We bring our leadership, expertise and resources together throughout our region to change the education, health, and economic outcomes for kids in low-income families. We can break the cycles that trap children in poverty and move children and families toward better lives.

UWCW conducts annual workplace and community fundraising campaigns dedicated to support of the area's health and human services; brings together 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 achieving measurable results. UWCW also funds strategic partnerships and initiatives that include Earned Income Tax Credit Assistance, Project Access NOW (health access and services for those in need), 211Info (resource hotline), and Safety Net programs (food, rent and utility assistance).

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

Net Program Grants - Net program grants represents annual grants to agencies approved by the Board of Directors. It excludes amounts designated to others (designations). Net program grants 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. 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.

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

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.

Hands on Greater Portland - Hands on Greater Portland activities focus on results-based, meaningful volunteer service and the belief that volunteers enrich their lives and the lives of others when they address community needs. The program strives to connect volunteers with opportunities to meet important community needs, including senior services, education, services for the homeless and restoration of the environment.

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 fundraising 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:

Fundraising:

Resource Development - Responsible for the annual fundraising 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 consolidated financial statements to the reader.

Principles of Consolidation - The consolidated financial statements include the assets, liabilities, and activities of UWCW and its wholly owned affiliate, Hands on Greater Portland, LLC (together herein referred to as the Organizations). Hands on Greater Portland, LLC is a single-member limited liability company that was formed in September, 2012, to acquire the assets of Hands on Greater Portland *(Note 19)*.

All intercompany balances and transactions have been eliminated in consolidation.

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

Use of Estimates - The preparation of consolidated 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 consolidated 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 a change in estimate will occur in the near term include the allowance for uncollectible pledges receivable and depreciation and amortization.

Cash and Cash Equivalents - The Organizations consider all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. At June 30, 2013 and 2012, and on occasion throughout the respective years, the Organizations' cash and cash equivalents exceeded Federally insured limits.

Accounts Receivable - Accounts receivable are recognized as services are provided. The Organizations do not assess finance charges on delinquent accounts. The Organizations use 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. The Organizations will write off any balance that remains after it has exhausted all reasonable collection efforts. Management believes all accounts receivable at June 30, 2013 and 2012, are fully collectible, and an allowance for uncollectible accounts is not necessary.

Pledges Receivable - Pledges receivable are shown net of an allowance for uncollectible pledges. The provision for pledges estimated to be uncollectible is based on, among other things, past collection experience and an estimate of the impact of current economic conditions. It is reasonably possible the amount of uncollectible pledges could be materially different upon final settlement of each campaign. Pledges receivable for the current annual campaign are available for unrestricted use unless specifically restricted by the donor. Pledges receivable for future annual campaigns are considered restricted for use in the campaign year specified by the donor.

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.

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 - The Organizations follow 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

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

Net Assets - The accompanying consolidated financial statements have been prepared to focus on the Organizations 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 the Organizations' 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 the Organizations 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 the Organizations to use the income.

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

Revenue Recognition - The Organizations report 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 consolidated statement of activities as net assets released from restrictions.

The Organizations report 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, the Organizations report 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 of 2012 and 2011 annual campaigns, UWCW raised $1,491,371 and $1,638,741, respectively, for the Combined Federal Campaign administered by UWCW. UWCW has included these amounts in both gross campaign revenue and amounts designated to others in the accompanying consolidated 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 consolidated 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 $166,866 and $191,959 for the years ended June 30, 2013 and 2012, respectively. These services have been recorded as in-kind contributions in the accompanying consolidated statement of activities at their estimated fair value, and as a component of advertising in the accompanying consolidated statement of functional expenses.

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 and are recorded in the consolidated statement of activities as amounts designated to others. Amounts remaining to be paid at the fiscal year end are reflected in the consolidated statement of financial position as donor-designated contributions payable.

Advertising - The Organizations expense all indirect advertising costs incurred.

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

Income Taxes - Income taxes are not provided for in the consolidated 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. Hands on Greater Portland, LLC is a disregarded entity for Federal and state income tax purposes.

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, the 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 2009, 2010, and 2011 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 Expense Allocation - The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Summarized Financial Information for 2012 - The consolidated 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, 2012, from which the summarized information was derived.

2. Defined Contribution Plan and Severance Pay Plan

Defined Contribution Plan - UWCW has a defined contribution plan covering substantially all employees who have completed one year of service with UWCW. 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, 2013 and 2012, were $224,836 and $195,571, respectively.

2. Defined Contribution Plan and Severance Pay Plan - Continued

Severance Pay Plan - In conjunction with the termination of a formerly maintained defined benefit pension plan, the Board of Directors 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 ten years of service with UWCW. In addition, the individual must have been actively employed by UWCW on April 1, 2000.

3. Pledges Receivable - Net

Pledges receivable are expected to be received as follows at June 30:

	2013	2012
Within one year	6,395,724	$ 6,250,576
Between one and five years	150,000	300,000
	6,545,724	6,550,576
Less allowance for uncollectible pledges	(500,000)	(600,000)
Pledges receivable - net	$ 6,045,724	$ 5,950,576

Management has elected not to record any discount to present value on pledges receivable due within one to five years as they believe any discount would have an immaterial effect on the consolidated financial statements taken as a whole.

4. Grants and Bequests Receivable

Grants and bequests receivable are expected to be received as follows at June 30:

	2013	2012
Within one year	$ 182,931	$ -
Between one and five years	350,000	525,000
	$ 532,931	$ 525,000

Management has elected not to record any discount to present value on grants and bequests receivable due within one to five years as they believe any discount would have an immaterial effect on the consolidated financial statements taken as a whole.

5. Investments

The composition of investments at June 30 is as follows:

	2013	2012
Investments carried at fair value:		
Bond funds	$ 1,745,664	$ 221,969
Equity mutual funds	453,996	375,813
Common stock	16,576	12,489
Cash surrender value of life insurance policies	400,421	391,508
Investments held at Oregon Community Foundation	94,400	89,674
Total investments carried at fair value	2,711,057	1,091,453
Investments carried at cost plus accrued interest:		
Money market accounts	2,295,887	2,224,762
Certificates of deposit	511,759	510,948
Total investments carried at cost plus accrued interest	2,807,646	2,735,710
Total investments	$ 5,518,703	$ 3,827,163

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 UWCW's and OCF's Boards of Directors. Distributions of $4,084 and $4,133 were received from OCF during the years ended June 30, 2013 and 2012, respectively. The change in the value of the investments held at OCF has been reflected in the gain (loss) on investments in the accompanying consolidated statement of activities.

UWCW previously carried an investment in stock of a privately held company. In 2010, management determined the likelihood of receiving any future benefit in this stock was less than probable, and recorded an impairment loss of $220,000 related to this investment. UWCW continues to own this investment.

During the year ended June 30, 2012, under a gift agreement from a donor, life insurance policies with a combined death benefit of approximately $4.4 million were transferred to UWCW. The death benefit values have not been recognized in the consolidated financial statements but will be recognized when proceeds are actually received. Once the proceeds are received, the gift agreement stipulates approximately $3.4 million is to be designated for other nonprofit organizations. At June 30, 2013, the cash surrender values of these policies totaled $394,296.

6. 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 at June 30:

	2013	2012
Balance, beginning of year	$ 889,357	$ 929,636
Change in value	31,773	(40,279)
Balance, end of year	$ 921,130	$ 889,357

7. Property and Equipment

	2013	2012
Land	$ 886,000	$ 886,000
Building	3,749,065	3,694,262
Furniture, equipment and improvements	2,032,929	1,718,670
	6,667,994	6,298,932
Less accumulated depreciation and amortization	(4,085,882)	(3,691,603)
	$ 2,582,112	$ 2,607,329

8. Unrestricted Net Assets Designated by the 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 at June 30:

	2013	2012
Board-designated financial reserve	$ 3,238,969	$ 3,234,638
Board-designated for future retirement plan expenses	129,484	124,757
Board-designated for building reserve	120,000	-
	$ 3,488,453	$ 3,359,395

9. Unrestricted Undesignated Net Assets

Unrestricted undesignated net assets consist of the following at June 30:

	2013	2012
Net investment in property and equipment	$ 2,582,112	$ 2,607,329
Unrestricted for operations	105,301	(89,830)
	$ 2,687,413	$ 2,517,499

10. Temporarily Restricted Net Assets

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

	2013	2012
Time restriction - future campaigns	$ 549,301	$ 662,950
Time restriction - grants and bequests receivable	525,000	525,000
Gas assistance program	96,920	121,627
Unexpended endowment income *(Note 12)*	74,923	63,493
	$ 1,246,144	$ 1,373,070

11. Permanently Restricted Net Assets

Permanently restricted net assets are composed of the following at June 30:

	2013	2012
Pricket Endowment Fund	$ 84,331	$ 84,331
Amanda Reed Endowment Fund	3,338	3,338
General Endowment Fund	120,199	120,199
JD Gray Endowment Fund	2,000,000	-
Interest in perpetual trusts *(Note 6)*	921,130	889,357
	$ 3,128,998	$ 1,097,225

12. Endowment Funds

Accounting Policy: UWCW's endowment consists of six 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, 2013 or 2012 (other than unexpended endowment earnings in the temporarily restricted net asset class). 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.

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 a three-year rolling average of the 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. Currently, the spending rate ranges from 4.5 to 5.0 percent (per annum) of the average fair market value of UWCW's funds based on a 13-quarter trailing average. Funds held with OCF are invested in a mixture of equities, fixed-income instruments, alternative investment classes such as hedge funds, private investments, and cash. UWCW believes the investment and spending policy is consistent with UWCW's objective to maintain purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

UWCW's interest in perpetual trusts, described in *Note 6*, is included in UWCW's endowment funds. The investment of these funds is determined by the trustees of the trusts rather than UWCW.

12. Endowment Funds - Continued

Composition of and changes in endowment net assets for the year ended June 30, 2013, were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment assets, beginning of year	$ -	$ 63,493	$ 1,097,225	$ 1,160,718
Interest and dividends	-	5,590	-	5,590
Gain (loss) on investments	(37,613)	15,336	-	(22,277)
Change in value of perpetual trusts	-	-	31,773	31,773
Investment management fees	-	(4,135)	-	(4,135)
Distributions	-	(5,361)	-	(5,361)
Contribution	-	-	2,000,000	2,000,000
Endowment assets, end of year	$ (37,613)	$ 74,923	$ 3,128,998	$ 3,166,308

From time to time the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor or UPMIFA requires UWCW to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, a deficiency of this nature that is reported in unrestricted net assets was $37,613 as of June 30, 2013. This deficiency primarily resulted from unfavorable market fluctuations.

13. Net Assets Released from Restrictions

During the year ended June 30, 2013, net assets were released from restrictions as follows:

Early campaign contributions for use in current period - net of recoveries	$ 362,950
Gas Assistance Project	24,707
Time restricted - grant	28,500
Distribution and management fees from endowments	9,496
	$ 425,653

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 the costs of conducting these activities is immaterial to the consolidated financial statements and has used the same cost allocation methods that are used for non-joint cost activities in the accompanying consolidated statement of functional expenses.

15. Financial Instruments with Concentrations of Credit Risk

Financial instruments that potentially subject the Organizations to concentrations of credit risk consist principally of cash and cash equivalents, pledges receivable, which are described in *Note 3*, and investments, which are described in *Note 5*.

UWCW's investments, including those held related to perpetual trusts *(Note 6)*, 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.

16. 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 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.

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, 2013:

	Level 1	Level 2	Level 3	Total
Bond funds:				
Short term	$ 30,040	$ -	$ -	$ 30,040
Intermediate term	1,694,838	-	-	1,694,838
General	10,069	-	-	10,069
Specialty	10,717	-	-	10,717
Equity mutual funds:				
Large cap growth	70,577	-	-	70,577
Mid cap growth	407	-	-	407
Small cap growth	25,839	-	-	25,839
Large cap blend	94,596	-	-	94,596
Mid cap blend	59,862	-	-	59,862
Small cap blend	2,840	-	-	2,840
Large cap value	73,081	-	-	73,081
Mid cap value	708	-	-	708
Small cap value	1,527	-	-	1,527
Specialty Stock	14,585	-	-	14,585
Foreign large cap growth	43,143	-	-	43,143
Foreign large cap value	678	-	-	678
Foreign large cap blend	42,794	-	-	42,794
Foreign diversified emerging markets	23,359	-	-	23,359
Common stock - domestic	16,576	-	-	16,576
Cash surrender value of life insurance policies	-	400,421	-	400,421
Investments held at OCF	-	-	94,400	94,400
Investments, at fair value	$ 2,216,236	$ 400,421	$ 94,400	$ 2,711,057
Interest in perpetual trusts	$ -	$ -	$ 921,130	$ 921,130

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.

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.

16. Fair Value Measurements - Continued

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.

Market data is unavailable for charitable remainder trusts and perpetual trusts; however, 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.

The following table provides a summary of changes in UWCW's Level 3 assets for the year ended June 30, 2013:

	Investments Held at OCF	Interest in Perpetual Trusts	Total
Balance, beginning of year	$ 89,674	$ 889,357	$ 979,031
Interest and dividends	963	-	963
Gain on investment	8,632	-	8,632
Change in value	-	31,773	31,773
Management fees and distributions	(4,869)	-	(4,869)
Balance, end of year	$ 94,400	$ 921,130	$ 1,015,530

17. 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 $213,937 and $196,131 for the Fall 2012 and 2011 campaigns, respectively, which are recorded for the years ended June 30, 2013 and 2012, respectively. At June 30, 2013 and 2012, amounts payable to United Way Worldwide for these services and supplies totaled $106,084 and $98,045, respectively, and are included as a component of accounts payable and accrued liabilities in the accompanying consolidated 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.

18. Concentration

During the Fall 2012 and 2011 annual campaigns, one corporate donor accounted for approximately 26 percent of net campaign revenue. There were no amounts outstanding from this corporate donor at June 30, 2013 and 2012.

19. Asset Acquisition

In September, 2012, UWCW formed a single-member limited liability company (Hands on Greater Portland, LLC) that was the vehicle used to acquire the assets and assume liabilities of Hands on Greater Portland. The asset acquisition was completed in October, 2012.

This transaction was recorded using the acquisition method of accounting, whereby the assets acquired and the liabilities assumed were recorded at their estimated fair values. The difference between the assets acquired and the liabilities assumed is considered an inherent contribution and is reflected in the consolidated statement of activities.

The following is a summary of the effect on the consolidated financial statements as a result of this transaction:

Assets acquired:	
Cash and cash equivalents	$ 129,942
Grants receivable	127,167
Accounts receivable	11,200
	268,309
Cash paid to Hands on Greater Portland successor	(3,000)
Amount payable to Hands on Greater Portland successor	(12,000)
Inherent contribution	$ 253,309

Of the inherent contribution, $28,500 was classified as temporarily restricted as that amount was restricted by outside donors of Hands on Greater Portland prior to acquisition.

20. Subsequent Events

Management has evaluated subsequent events through January 15, 2014, the date the consolidated financial statements were available to be issued.