



**United Way of the  
Columbia-Willamette**

**FINANCIAL STATEMENTS**

**Year Ended June 30, 2011**

**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, 2011, 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, 2010, financial statements and, in our report dated December 15, 2010, 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, 2011, 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.*

January 25, 2012

**UNITED WAY OF THE  
COLUMBIA - WILLAMETTE**

**Statement of Financial Position**

**June 30, 2011** (With Comparative Amounts for 2010)

ASSETS					
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2011	2010
Cash and cash equivalents	\$ 3,189,047	\$ 192,983	\$ -	\$ 3,382,030	\$ 2,916,632
Pledges receivable - net	5,396,268	29,694	-	5,425,962	4,998,844
Grants and bequests receivable	-	90,000	-	90,000	56,000
Accounts and other receivables	113,265	-	-	113,265	157,033
Prepaid expenses, deposits and other assets	232,875	-	-	232,875	228,525
Investments (Notes 3 and 15)	2,877,506	66,927	207,868	3,152,301	3,111,637
Interest in charitable remainder trust (Notes 4 and 15)	-	3,952	-	3,952	3,469
Interest in perpetual trusts (Notes 4 and 15)	-	-	929,636	929,636	810,406
Property and equipment - net (Notes 5 and 6)	2,807,916	-	-	2,807,916	2,774,389
<b>Total assets</b>	<b>\$ 14,616,877</b>	<b>\$ 383,556</b>	<b>\$ 1,137,504</b>	<b>\$ 16,137,937</b>	<b>\$ 15,056,935</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities (Note 16)	\$ 367,684	\$ -	\$ -	\$ 367,684	\$ 457,383
Grants to programs	4,901,640	-	-	4,901,640	4,935,041
Donor-designated contributions payable	4,078,435	-	-	4,078,435	3,682,270
Note payable (Note 6)	57,858	-	-	57,858	282,554
<b>Total liabilities</b>	<b>9,405,617</b>	<b>-</b>	<b>-</b>	<b>9,405,617</b>	<b>9,357,248</b>
<b>Net assets:</b>					
Unrestricted:					
Board-designated (Note 7)	3,099,984	-	-	3,099,984	3,322,346
Undesignated (Note 8)	2,111,276	-	-	2,111,276	1,243,298
Temporarily restricted (Note 9)	-	383,556	-	383,556	115,769
Permanently restricted (Notes 10 and 11)	-	-	1,137,504	1,137,504	1,018,274
<b>Total net assets</b>	<b>5,211,260</b>	<b>383,556</b>	<b>1,137,504</b>	<b>6,732,320</b>	<b>5,699,687</b>
<b>Total liabilities and net assets</b>	<b>\$ 14,616,877</b>	<b>\$ 383,556</b>	<b>\$ 1,137,504</b>	<b>\$ 16,137,937</b>	<b>\$ 15,056,935</b>

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

**UNITED WAY OF THE  
COLUMBIA - WILLAMETTE**

**Statement of Activities**

**Year Ended June 30, 2011** (With Comparative Totals for 2010)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2011	2010
<b>Public support and revenue:</b>					
Gross campaign revenue, including amounts raised for others (Note 1)	\$ 21,829,604	\$ 463,390	\$ -	\$ 22,292,994	\$ 21,002,902
Less amounts designated to others	(10,824,454)	(225,000)	-	(11,049,454)	(9,999,769)
Campaign revenue	11,005,150	238,390	-	11,243,540	11,003,133
Less provision for uncollectible pledges	(550,000)	-	-	(550,000)	(600,000)
Net campaign revenue	10,455,150	238,390	-	10,693,540	10,403,133
Revenue:					
Grants, bequests and other public support	102,392	43,424	-	145,816	375,692
In-kind contributions	199,162	-	-	199,162	140,528
Service fees	120,328	-	-	120,328	111,701
Rental income	195,024	-	-	195,024	164,339
Other	57,769	-	-	57,769	28,409
Total revenue	674,675	43,424	-	718,099	820,669
Net assets released from restrictions (Note 12)	51,290	(51,290)	-	-	-
<b>Total public support and revenue</b>	<b>11,181,115</b>	<b>230,524</b>	<b>-</b>	<b>11,411,639</b>	<b>11,223,802</b>
<b>Expenses:</b>					
Program services:					
Program grants	5,241,458	-	-	5,241,458	5,946,149
Community investment	2,023,207	-	-	2,023,207	1,752,694
Total program services	7,264,665	-	-	7,264,665	7,698,843
Supporting services:					
Fund-raising campaign	1,915,697	-	-	1,915,697	1,881,459
Management and general	1,422,382	-	-	1,422,382	1,300,081
Total supporting services	3,338,079	-	-	3,338,079	3,181,540
<b>Total expenses</b>	<b>10,602,744</b>	<b>-</b>	<b>-</b>	<b>10,602,744</b>	<b>10,880,383</b>
<b>Increase in net assets from operating activities (carried forward)</b>	<b>578,371</b>	<b>230,524</b>	<b>-</b>	<b>808,895</b>	<b>343,419</b>

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, 2011** *(With Comparative Totals for 2010)*

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
				2011	2010
<b>Increase in net assets from operating activities (brought forward)</b>	<b>\$ 578,371</b>	<b>\$ 230,524</b>	<b>\$ -</b>	<b>\$ 808,895</b>	<b>\$ 343,419</b>
<b>Non-operating activities:</b>					
Interest and dividends	19,502	5,462	-	24,964	33,190
Gain on investments	10,344	31,311	-	41,655	14,545
Impairment loss <i>(Note 3)</i>	-	-	-	-	(220,000)
Distributions from perpetual trusts	37,399	-	-	37,399	40,678
Change in value of interest in charitable remainder trusts <i>(Note 4)</i>	-	490	-	490	50
Change in value of perpetual trusts <i>(Note 4)</i>	-	-	119,230	119,230	49,255
<b>Total non-operating activities</b>	<b>67,245</b>	<b>37,263</b>	<b>119,230</b>	<b>223,738</b>	<b>(82,282)</b>
<b>Increase in net assets</b>	<b>645,616</b>	<b>267,787</b>	<b>119,230</b>	<b>1,032,633</b>	<b>261,137</b>
Net assets, beginning of year	4,565,644	115,769	1,018,274	5,699,687	5,438,550
<b>Net assets, end of year</b>	<b>\$ 5,211,260</b>	<b>\$ 383,556</b>	<b>\$ 1,137,504</b>	<b>\$ 6,732,320</b>	<b>\$ 5,699,687</b>

*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, 2011** *(With Comparative Totals for 2010)*

	Program Services			Supporting Services			Total	
	Program Grants	Community Investment	Total Program Services	Fund-raising Campaign	Management and General	Total Supporting Services	2011	2010
Program grants	\$ 5,241,458	\$ -	\$ 5,241,458	\$ -	\$ -	\$ -	\$ 5,241,458	\$ 5,946,149
Salaries and wages	-	886,912	886,912	971,073	818,509	1,789,582	2,676,494	2,418,536
Employee benefits and payroll taxes	-	214,714	214,714	221,520	227,717	449,237	663,951	594,859
Professional services	-	50,302	50,302	41,275	44,842	86,117	136,419	144,242
Telephone and postage	-	18,893	18,893	22,964	26,076	49,040	67,933	66,817
Occupancy	-	205,500	205,500	37,096	48,679	85,775	291,275	302,767
Equipment rental and maintenance	-	11,880	11,880	14,008	21,967	35,975	47,855	40,844
Supplies and subscriptions	-	8,763	8,763	12,885	10,538	23,423	32,186	24,852
Advertising	-	116,280	116,280	358,869	-	358,869	475,149	451,542
Printing and supplies	-	46,554	46,554	72,055	977	73,032	119,586	132,621
Travel, conferences and meetings	-	87,247	87,247	75,968	38,093	114,061	201,308	121,745
Interest	-	6,130	6,130	1,117	1,324	2,441	8,571	18,975
Miscellaneous	-	16,129	16,129	17,888	100,573	118,461	134,590	119,060
United Way Worldwide dues	-	163,617	163,617	3,134	17,814	20,948	184,565	189,783
Total before depreciation and amortization	5,241,458	1,832,921	7,074,379	1,849,852	1,357,109	3,206,961	10,281,340	10,572,792
Depreciation and amortization	-	190,286	190,286	65,845	65,273	131,118	321,404	307,591
	<b>\$ 5,241,458</b>	<b>\$ 2,023,207</b>	<b>\$ 7,264,665</b>	<b>\$ 1,915,697</b>	<b>\$ 1,422,382</b>	<b>\$ 3,338,079</b>	<b>\$ 10,602,744</b>	<b>\$ 10,880,383</b>

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

**UNITED WAY OF THE  
COLUMBIA - WILLAMETTE**

**Statement of Cash Flows**

<b>Year Ended June 30, 2011</b> <i>(With Comparative Totals for 2010)</i>	<b>2011</b>	<b>2010</b>
<b>Cash flows from operating activities:</b>		
Cash receipts:		
Campaign revenue	\$ 20,988,290	\$ 21,038,154
Service fees	164,096	113,903
Grants, bequests and other support	111,823	316,806
Interest and dividends	24,964	33,190
Other	290,192	233,425
Cash paid:		
Allocations to agencies	(5,274,859)	(6,492,573)
Donor designated contributions to agencies	(10,653,289)	(9,717,905)
Employees and suppliers	(4,642,796)	(4,310,889)
Interest	(8,571)	(18,975)
Payments to affiliated organizations	(283,402)	(187,423)
<b>Net cash provided by operating activities</b>	<b>716,448</b>	<b>1,007,713</b>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(354,931)	(252,486)
Purchase of investments	(11,942)	(528,452)
Proceeds from sale of investments	340,519	871,452
<b>Net cash provided (used) by investing activities</b>	<b>(26,354)</b>	<b>90,514</b>
<b>Cash flows from financing activities:</b>		
Payments on note payable	(224,696)	(214,292)
<b>Net cash used by financing activities</b>	<b>(224,696)</b>	<b>(214,292)</b>
<b>Net increase in cash and cash equivalents</b>	<b>465,398</b>	<b>883,935</b>
Cash and cash equivalents, beginning of year	2,916,632	2,032,697
<b>Cash and cash equivalents, end of year</b>	<b>\$ 3,382,030</b>	<b>\$ 2,916,632</b>

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



**UNITED WAY OF THE  
COLUMBIA - WILLAMETTE**

**Statement of Cash Flows - Continued**

<b>Year Ended June 30, 2011</b> <i>(With Comparative Totals for 2010)</i>	<b>2011</b>	<b>2010</b>
Reconciliation of increase in net assets to net cash provided by operating activities:		
Increase in net assets	\$ 1,032,633	\$ 261,137
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	321,404	307,591
Gain on investments	(41,655)	(14,545)
Impairment loss	-	220,000
Change in value of interest in charitable remainder trusts	(490)	(50)
Contribution of an interest in a charitable remainder trust	-	(3,469)
Change in value of perpetual trusts	(119,230)	(49,255)
Donated property and equipment	-	(2,205)
Donated investments	(327,586)	(29,884)
(Increase) decrease in:		
Pledges receivable - net	(427,118)	635,251
Grants receivable	(34,000)	(26,000)
Accounts receivable	43,768	2,202
Prepaid expenses, deposits and other assets	(4,350)	4,006
Interest in charitable remainder trusts	7	467
Increase (decrease) in:		
Accounts payable and accrued liabilities	(89,699)	(32,973)
Grants to programs	(33,401)	(546,424)
Donor-designated contributions payable	396,165	281,864
<b>Net cash provided by operating activities</b>	<b><u>\$ 716,448</u></b>	<b><u>\$ 1,007,713</u></b>

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

**UNITED WAY OF THE  
COLUMBIA - WILLAMETTE**

**Notes to Financial Statements**

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**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. One thing that has remained consistent over the years is UWCW's role in helping the community. UWCW's mission is: Helping people, changing lives, making every contribution count. UWCW advances the common good for everyone in the community by focusing on the building blocks for a better life: education, income, and health.

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

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

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

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

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

**UNITED WAY OF THE  
COLUMBIA - WILLAMETTE**

**Notes to Financial Statements - Continued**

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

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

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

**Fund-raising:**

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

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

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

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

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

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

**UNITED WAY OF THE  
COLUMBIA - WILLAMETTE**

**Notes to Financial Statements - Continued**

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

**Cash and Cash Equivalents** - UWCW considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. At June 30, 2011 and 2010, and on occasion throughout the respective years, UWCW's cash and cash equivalents exceeded Federally insured limits.

**Accounts Receivable** - Accounts receivable are recognized as services are provided. UWCW does not assess finance charges on delinquent accounts. UWCW uses the allowance method to account for uncollectible accounts receivable. The allowance is estimated by management based on various factors, including past history and current economic conditions. Management believes all accounts receivable at June 30, 2011 and 2010 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 \$550,918 and \$601,479 at June 30, 2011 and 2010, respectively. The provision for pledges estimated to be uncollectible is based on, among other things, UWCW's past collection experience and an estimate of the impact of current economic conditions. The remainder of the contributions are considered to be collectible within a year and are available for unrestricted use, unless specifically restricted by the donor. It is reasonably possible that the amount of uncollectible pledges could be materially different upon final settlement of each campaign.

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

**Interest in Charitable Remainder Trust** - 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**

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**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**

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**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 of 2010 and 2009 annual campaigns, UWCW raised \$1,735,516 and \$1,691,755, 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 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 \$199,162 and \$136,328 for the years ended June 30, 2011 and 2010, respectively. These services have been recorded as in-kind contributions in the accompanying statement of activities at their estimated fair value, and as a component of advertising in the accompanying statement of functional expenses.

In addition, UWCW receives grants of equipment and other goods from local companies that are used in various UWCW programs. This equipment and other goods have been recorded at estimated fair value in the amount of \$-0- and \$4,200 for the years ended June 30, 2011 and 2010, 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**

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

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

**Advertising** - UWCW expenses all indirect advertising costs incurred. Total advertising expense was \$475,149 and \$451,542 for the years ended June 30, 2011 and 2010, respectively.

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

Accounting principles generally accepted in the United States of America prescribe a recognition threshold and a measurement process for accounting for uncertain tax positions, and also provide guidance on various related matters such as interest, penalties, and required disclosures. Management believes UWCW does not have any uncertain tax positions. UWCW files informational returns. Generally these returns filed by UWCW are subject to examination by Federal or state tax authorities for a period of three years from the filing of the return. As such, the returns for the 2007, 2008, and 2009 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 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 2010 information to conform with the 2011 presentation.

**Summarized Financial Information for 2010** - 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, 2010, from which the summarized information was derived.

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**Notes to Financial Statements - Continued**

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**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 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, 2011 and 2010, were \$180,822 and \$122,265, respectively.

**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.

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, 2011 and 2010, is as follows:

	<b>2011</b>	<b>2010</b>
Money market accounts	\$ 2,217,605	\$ 2,206,003
Bond funds	217,498	201,328
Equity mutual funds	72,191	64,262
Common stock	14,264	20,490
Cash surrender value of life insurance policies	23,249	30,185
Investments held at Oregon Community Foundation	97,822	84,825
Certificates of deposit	509,672	504,544
	<u>\$ 3,152,301</u>	<u>\$ 3,111,637</u>



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**Notes to Financial Statements - Continued**

**3. Investments - Continued**

During the year ended June 30, 1997, UWCW entered into an agreement with the Oregon Community Foundation (OCF) to transfer \$50,000 to OCF in order to achieve improved performance results and enhanced long-term planned giving goals. The investments are to be held by OCF in perpetuity. Under the terms of the agreement, OCF will distribute annually a percentage of the fair market value of the fund to UWCW based on the expected total return on the investments of the permanent funds of OCF and other factors. The agreement specifies that such percentage shall not be less than a reasonable rate of return. Additional distributions may be made on a resolution of both UWCW's and OCF's Boards of Directors. Distributions of \$4,363 and \$4,585 were received from OCF during the years ended June 30, 2011 and 2010, respectively. The change in the value of the investments held at OCF has been reflected in the gain on investments in the accompanying 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.

**4. Interest in Charitable Remainder Trusts and Perpetual Trusts**

**Interest in Charitable Remainder Trusts** - At June 30, 2011 and 2010, UWCW had a 1.579 percent remainder interest in a charitable remainder trust. During the year ended June 30, 2010, UWCW received a final distribution from a charitable remainder trust it previously had an interest in. A summary of the change in UWCW's interest in the charitable remainder trusts is as follows:

	<b>2011</b>	<b>2010</b>
Balance, beginning of year	\$ 3,469	\$ 417
Contribution	-	3,469
Distribution	(7)	(467)
Change in value	490	50
Balance, end of year	\$ 3,952	\$ 3,469

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**Notes to Financial Statements - Continued**

**4. Interest in Charitable Remainder Trusts and Perpetual Trusts - Continued**

**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:

	<b>2011</b>	<b>2010</b>
Balance, beginning of year	\$ 810,406	\$ 761,151
Change in value	119,230	49,255
	<u>\$ 929,636</u>	<u>\$ 810,406</u>

**5. Property and Equipment**

	<b>2011</b>	<b>2010</b>
Land (pledged)	\$ 886,000	\$ 886,000
Building (pledged)	3,648,219	3,545,288
Furniture, equipment and improvements	1,606,025	1,759,761
	<u>6,140,244</u>	<u>6,191,049</u>
Less accumulated depreciation and amortization	(3,332,328)	(3,416,660)
	<u>\$ 2,807,916</u>	<u>\$ 2,774,389</u>

**6. Note Payable**

	<b>2011</b>	<b>2010</b>
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 with a carrying value of \$2,214,235. Due October, 2011.	\$ 57,858	\$ 282,554
	<u>\$ 57,858</u>	<u>\$ 282,554</u>

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**Notes to Financial Statements - Continued**

**7. Unrestricted Net Assets Designated by Board of Directors**

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

	<b>2011</b>	<b>2010</b>
Board-designated financial reserve	\$ 2,976,965	\$ 2,960,120
Board-designated for future retirement plan expenses	123,019	112,226
President's Fund	-	250,000
	<u>\$ 3,099,984</u>	<u>\$ 3,322,346</u>

**8. Unrestricted Undesignated Net Assets**

Unrestricted undesignated net assets consist of the following:

	<b>2011</b>	<b>2010</b>
Net investment in property and equipment	\$ 2,750,058	\$ 2,491,835
Unrestricted for operations	(638,782)	(1,248,537)
	<u>\$ 2,111,276</u>	<u>\$ 1,243,298</u>

**9. Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes:

	<b>2011</b>	<b>2010</b>
Time restriction - charitable remainder trust ( <i>Note 4</i> )	\$ 3,952	\$ 3,469
Time restriction - future campaigns	176,530	35,560
Time restriction - grants and bequests receivable	40,000	5,000
Gas assistance program	92,723	30,863
Other purpose restrictions	3,424	1,077
Unexpended endowment income ( <i>Note 11</i> )	66,927	39,800
	<u>\$ 383,556</u>	<u>\$ 115,769</u>

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**Notes to Financial Statements - Continued**

**10. Permanently Restricted Net Assets**

Permanently restricted net assets are composed of the following:

	<b>2011</b>	<b>2010</b>
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> )	929,636	810,406
	<b>\$ 1,137,504</b>	<b>\$ 1,018,274</b>

**11. Endowment Funds**

*Accounting Policy:* UWCW's endowment consists of five individual funds comprised solely of donor restricted net assets (*Note 10*). No unrestricted or temporarily restricted net assets were functioning as an endowment for the years ended June 30, 2011 or 2010. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of UWCW has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, UWCW classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by UWCW in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, UWCW considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of UWCW, and (7) UWCW's investment policies.

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**Notes to Financial Statements - Continued**

**11. Endowment Funds - Continued**

*Investment and Spending Policies:* UWCW has an investment policy that provides for investment objectives of (a) providing stable cash payout, preferably growing in real terms after inflation and (b) growing the principal in real terms after inflation. The spending of endowment assets is approved by the Board of Directors of UWCW. Currently, UWCW's spending rate is 5 percent of 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 is 4.5 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 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, 2011, were as follows:

	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
Endowment assets, beginning of year	\$ 39,800	\$ 1,018,274	\$ 1,058,074
Interest and dividends	5,462	-	5,462
Gain on investments	31,311	-	31,311
Change in value of perpetual trusts	-	119,230	119,230
Investment management fees	(3,348)	-	(3,348)
Distributions	(6,298)	-	(6,298)
Endowment assets, end of year	<u>\$ 66,927</u>	<u>\$ 1,137,504</u>	<u>\$ 1,204,431</u>

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**Notes to Financial Statements - Continued**

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**12. Net Assts Released from Restrictions**

During the year ended June 30, 2011, net assets were released from restrictions as follows:

Early campaign contributions for use in future periods - net of recoveries	\$ 35,560
Satisfaction of time restriction	5,000
Satisfaction of donor purpose restriction	1,077
Distribution and management fees from endowments	9,646
Distribution from charitable remainder trust	<u>7</u>
	<u>\$ 51,290</u>

**13. Joint Costs**

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

**14. Financial Instruments with Concentrations of Credit Risk**

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

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

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

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**Notes to Financial Statements - Continued**

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**15. Fair Value Measurements**

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

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

*Level 2* - Inputs to the valuation methodology include:

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

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

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**Notes to Financial Statements - Continued**

**15. Fair Value Measurements - Continued**

The following table sets forth by level, within the fair value hierarchy, UWCW's assets at fair value as of June 30, 2011:

	Level 1	Level 2	Level 3	Total
Bond funds:				
Short term	\$ 55,537	\$ -	\$ -	\$ 55,537
High yield	6,258	-	-	6,258
Intermediate term	155,703	-	-	155,703
Equity mutual funds:				
Large cap growth	18,271	-	-	18,271
Mid cap growth	1,315	-	-	1,315
Small cap growth	6,448	-	-	6,448
Large cap blend	7,510	-	-	7,510
Large cap value	18,917	-	-	18,917
Mid cap value	1,144	-	-	1,144
Small cap value	3,450	-	-	3,450
Foreign large cap growth	7,589	-	-	7,589
Foreign large cap value	1,422	-	-	1,422
Foreign large cap blend	4,938	-	-	4,938
Foreign diversified emerging markets	1,187	-	-	1,187
Common stock - domestic	14,264	-	-	14,264
Cash surrender value of life insurance policies	-	23,249	-	23,249
Investments held at OCF	-	-	97,822	97,822
Investments, at fair value	<u>\$ 303,953</u>	<u>\$ 23,249</u>	<u>\$ 97,822</u>	<u>\$ 425,024</u>
Interest in charitable remainder trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,952</u>	<u>\$ 3,952</u>
Interest in perpetual trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 929,636</u>	<u>\$ 929,636</u>



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**Notes to Financial Statements - Continued**

**15. Fair Value Measurements - Continued**

*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.

*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, 2011:

	<b>Investments Held at OCF</b>	<b>Interest in Charitable Remainder Trust</b>	<b>Interest in Perpetual Trusts</b>	<b>Total</b>
Balance, beginning of year	\$ 84,825	\$ 3,469	\$ 810,406	\$ 898,700
Interest and dividends	947	-	-	947
Gain on investment	17,181	-	-	17,181
Change in value	-	490	119,230	119,720
Management fees and distributions	<u>(5,131)</u>	<u>(7)</u>	<u>-</u>	<u>(5,138)</u>
Balance, end of year	<u>\$ 97,822</u>	<u>\$ 3,952</u>	<u>\$ 929,636</u>	<u>\$ 1,031,410</u>

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**Notes to Financial Statements - Continued**

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**16. Related-Party Transactions**

UWCW receives staff and volunteer training, national advertising services, and national campaign coordination and supplies from United Way Worldwide. As a result, UWCW elected to remit to United Way Worldwide \$184,565 and \$189,783 for the Fall 2010 and 2009 campaigns, respectively, which are recorded for the years ended June 30, 2011 and 2010, respectively. At June 30, 2011 and 2010, amounts payable to United Way Worldwide for these services and supplies totaled \$90,946 and 189,783, respectively and are included as a component of accounts payable and accrued liabilities in the accompanying statement of financial position.

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

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

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

**17. Concentration**

During the Fall 2010 and 2009 annual campaigns, one corporate donor accounted for approximately 26 and 27 percent, respectively, of net campaign revenue. There were no amounts outstanding from this corporate donor at June 30, 2011 and 2010.

**18. Subsequent Events**

Management has evaluated subsequent events through January 25, 2012, the date the financial statements were available to be issued.