

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

JUNE 30, 2010

BOARD OFFICERS

President

Jeff Ludeman

1st Vice President

Sally Morton

Treasurer

Lisa Ihander

Executive Director

Ken Wilhelm

Office

1130 NW Harriman Street, Suite A
Bend, OR 97701
(541) 389-6507

**UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon**

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2010

INDEPENDENT AUDITORS' REPORT..... 1

FINANCIAL STATEMENTS

Statement of Financial Position.....2
Statement of Activities3
Statement of Cash Flows4
Statement of Other Functional Expenses.....5
Notes to Financial Statements6-18

SUPPLEMENTAL INFORMATION

Schedule of Public Support, Revenues and Expenses
Actual Compared To Budget..... 19
Schedule of Expenses – Actual Compared To Budget.....20

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
United Way of Deschutes County

We have audited the accompanying statement of financial position of United Way of Deschutes County (the "Organization"), (a nonprofit organization) as of June 30, 2010, and the related statement of activities, other functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization'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 the Organization's 2009 financial statements and, in our report dated December 8, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Greer, Mahr & Associates, LLP
November 23, 2010

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

STATEMENT OF FINANCIAL POSITION

	June 30,	
	2010	2009
ASSETS		
Cash (Note 2)	\$ 280,319	\$ 151,601
Investments (Note 3)	106,636	194,763
Beneficial interest in assets held by others (Note 4)	124,379	118,618
Pledges receivable (Note 5)	345,501	325,757
(Less allowance for uncollectible)	(70,000)	(90,000)
Contributions receivable FMV lease (Note 19)	9,674	18,933
Other assets	9,658	12,464
Equipment, net of depreciation (Note 6)	4,262	7,485
TOTAL ASSETS	\$ 810,429	\$ 739,621
LIABILITIES		
Designations payable (Note 7)	\$ 132,400	\$ 107,772
Response grants payable		21,000
Accounts payables	10,142	6,884
Accrued expenses	15,319	17,452
TOTAL LIABILITIES	157,861	153,108
NET ASSETS		
Unrestricted		
Unappropriated	146,784	129,678
Board appropriated (Note 8)	255,006	221,292
Total unrestricted	401,790	350,970
Temporarily restricted (Note 10)	229,714	214,579
Permanently restricted (Note 11)	21,064	20,964
TOTAL NET ASSETS	652,568	586,513
TOTAL LIABILITIES & NET ASSETS	\$ 810,429	\$ 739,621

See accompanying notes

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

STATEMENT OF ACTIVITIES

	Years Ended June 30,				2009 (Restated) Totals
	2010			Totals	
	Unrestricted	Temporarily Restricted	Permanently Restricted		
PUBLIC SUPPORT & REVENUE					
Gross campaign results	\$ 817,324	\$ 489,303	\$	\$ 1,306,627	\$ 1,351,630
(Less donor designations)	(357,885)			(357,885)	(359,765)
Campaign revenue	459,439	489,303		948,742	991,865
(Less provision for uncollectible)	(36,701)			(36,701)	(97,754)
Net campaign revenue	422,738	489,303		912,041	894,111
Contributed services and facilities	73,382			73,382	103,955
Service fees	2,500			2,500	4,950
Central Oregon 211 revenue	109,400			109,400	159,430
Investment income (loss)	28,941			28,941	(56,318)
Miscellaneous income					780
TOTAL REVENUE	636,961	489,303		1,126,264	1,106,908
EXPENSES					
Program services					
Gross funds awarded/distributed	900,032			900,032	1,141,523
(Less donor designations)	(357,885)			(357,885)	(359,765)
Net funds awarded/distributed	542,147			542,147	781,758
Central Oregon 211	130,856			130,856	161,346
Days of caring	13,290			13,290	14,901
Community building	10,862			10,862	11,021
Fund distribution	16,279			16,279	16,529
TOTAL PROGRAM SERVICES	713,434			713,434	985,555
Supporting services					
Organizational administration	208,666			208,666	211,695
Fundraising	124,128			124,128	107,041
United Way of America dues	13,981			13,981	7,621
TOTAL SUPPORT SERVICES	346,775			346,775	326,357
TOTAL EXPENSES	1,060,209			1,060,209	1,311,912
Net assets released from restrictions	474,068	(474,168)	100		
Change in net assets	50,820	15,135	100	66,055	(205,004)
NET ASSETS BEGINNING OF PERIOD	350,970	214,579	20,964	586,513	791,517
NET ASSETS END OF PERIOD	\$ 401,790	\$ 229,714	\$ 21,064	\$ 652,568	\$ 586,513

See accompanying notes

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

STATEMENT OF CASH FLOWS

	Years Ended June 30,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) - increase (decrease) in net assets	\$ 66,055	\$ (205,004)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Contributions (stock)	(15,260)	(8,287)
Depreciation	3,223	3,332
Unrealized/realized (gains) losses	(20,720)	67,424
(Increase) decrease in pledges receivable	(39,744)	149,931
(Increase) decrease in contributions - FMV lease	9,259	(18,933)
(Increase) decrease in other assets	2,806	(9,195)
Increase (decrease) in designations payable and accounts payable	27,886	(193,681)
Increase (decrease) in response grants payable	(21,000)	21,000
Increase (decrease) in accrued expenses	(2,133)	697
	<u>10,372</u>	<u>(192,716)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(4,770)	(108,239)
Proceeds from sale of investments	123,116	291,486
Acquisition of capital assets		(752)
	<u>118,346</u>	<u>182,495</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings		150,000
Repayments of short-term borrowings		(150,000)
		<u> </u>
NET CASH PROVIDED BY FINANCING ACTIVITIES		
NET (DECREASE) INCREASE IN CASH	128,718	(10,221)
CASH - BEGINNING BALANCE	<u>151,601</u>	<u>161,822</u>
CASH - ENDING BALANCE	<u>\$ 280,319</u>	<u>\$ 151,601</u>

See accompanying notes

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

STATEMENT OF OTHER FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2010
With Comparative Totals for 2009

	Program Expenses				Support Services			2010 Total	2009 Total	
	Allocation Services	Central Oregon 211	Days of Caring	Community Building	Fund Distribution	Total Program	Organizational Administration			Fund-raising
EXPENSES	\$ 900,032	\$	\$	\$	\$	\$ 900,032	\$	\$	\$ 900,032	\$ 1,141,523
Allocation/Awards (Less Donor Designations)	(357,885)					(357,885)			(357,885)	(359,765)
Sub-Total	542,147					542,147			542,147	781,758
Salaries	13,809	2,717	8,809	5,882	8,809	31,217	113,020	42,142	155,162	199,682
Employee benefits and taxes	4,603	812	1,758	2,657	2,657	9,810	33,768	14,558	48,326	60,727
Sub-Total	18,412	3,529	7,640	11,446	11,446	41,027	146,788	56,700	203,488	260,409
Contract services	104,746					104,746			104,746	56,756
Professional fees	199	376	815	1,222	1,222	2,612	15,649		15,649	15,649
Supplies	2,084	5,721	537	806	806	9,148	10,320	4,593	14,913	17,254
Telephone and communications	31	58	127	190	190	406	2,430		2,430	3,137
Postage	52	99	215	322	322	688	4,125		4,125	4,362
Occupancy	160	304	658	987	987	2,109	12,634		12,634	15,370
Equipment rent and maintenance	8	16	35	52	52	111	665		665	1,076
Printing and advertising	3,749	9	20	31	31	3,809	394	57,760	58,154	119,977
Staff training	(4)	(7)	(15)	(23)	(23)	(49)	(291)		(291)	283
Travel	47	89	192	288	288	616	3,684		3,684	5,243
Meetings and events	246	2,857	119	179	179	3,401	2,293	4,208	6,501	7,758
Insurance	28	53	114	172	172	367	2,200		2,200	2,588
Fees and dues	34	65	141	212	212	452	2,715	867	3,582	4,991
Other administrative expense	1,028	55	120	179	179	1,382	2,299		2,299	4,168
Depreciation	36	66	144	216	216	462	2,761		2,761	3,332
Sub-Total	112,444	9,761	3,222	4,833	4,833	130,260	61,878	67,428	129,306	262,124
United Way of America dues							13,981		13,981	7,621
Total Functional Expenses	\$ 542,147	\$ 13,290	\$ 10,862	\$ 16,279	\$ 16,279	\$ 713,434	\$ 208,666	\$ 124,128	\$ 334,675	\$ 1,060,209
										\$ 1,311,912

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

The Deschutes United Way doing business as United Way of Deschutes County (the Organization) was founded in 1952 and is organized to raise funds for member not-for-profit agencies. The mission statement of the Organization is “Connecting caring people to improve lives and shape a better community”. The Organization is governed by a volunteer board of directors. A general campaign to raise pledges is held annually in the fall of each year. The Organization also accepts pledges for designated non-member, not-for-profit agencies. The donor designated amounts to both member and non-member agencies are recorded as designations payable on the financial statements.

BASIS OF ACCOUNTING

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

BASIS OF PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Statement No. 117, “Financial Statements of Not-for-Profit Organizations”. Under FASB Statement No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- *Unrestricted net assets* – represent expendable funds that are available for support to the Organization’s operations. Certain of these amounts have been designated by the Board of Directors to be utilized for various purposes, as explained in Note 8.
- *Temporarily restricted net assets* – consist of contributions that have been restricted by the donor for specific purposes or are not available for use until a specific time.
- *Permanently restricted net assets* – consist of contributions with donor restrictions that stipulate the resources be maintained permanently, but permit the Organization to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

The Organization has temporarily restricted net assets of \$229,714 and \$214,579 at June 30, 2010 and 2009, respectively and permanently restricted net assets of \$21,064 and \$20,964 as of June 30, 2010 and 2009, respectively.

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

EQUIPMENT

Acquisitions of equipment in excess of \$300 are capitalized. Equipment is carried at cost, or if donated, at the approximated fair value at the date of the donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

REVENUE RECOGNITION

The Organization reports donations as unrestricted public support unless they are received with donor restrictions. If the donation is made in the same reporting period that the donor imposed restriction is met, the donation is reported in both temporarily restricted revenue and net assets released from restrictions.

When the restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished) in a different reporting period from which the donation is recorded, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

CONTRIBUTED SERVICES, GOODS AND FACILITIES

The Organization receives a substantial amount of services and goods donated by its supporters in carrying out the Organization's activities. These amounts have been reflected in the financial statements in accordance with FASB Statement No. 116, "Accounting for Contributions Received and Contributions Made". The majority of contributed services is comprised of free advertising and discounted professional fees. Contributed services of \$51,827 are recorded in fundraising expense, \$11,689 in organizational administration expense, \$148 in information and referral, \$1,609 in days of caring, \$609 in community building, and \$913 in fund distribution. In addition, included in allocation/awards expense is \$6,587 of in-kind goods distributed.

INCOME TAXES

The financial statements do not reflect the effects of income taxes. United Way of Deschutes County has been classified as an organization other than a private foundation, which is exempt from income taxes under Internal Revenue Code Section 501(c)(3).

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CASH

For the purpose of the statement of cash flows, the Organization considers all cash investments with maturity at the time of purchase of three months or less to be cash.

INVESTMENTS

Investments are reported at fair market value as of June 30, 2010. Unrealized appreciation or depreciation of the investments is recognized currently in income.

COMPARATIVE INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

ADVERTISING

Advertising costs are expensed when incurred. Advertising costs for the years ended June 30, 2010 and 2009 were \$61,963 and \$119,977, respectively.

COST DEDUCTION STANDARDS

The Organization is in compliance with United Way of America (UWA) Cost Deduction Standards.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of the Organization's financial instruments, which includes items such as certificates of deposit, investments, beneficial interest in assets held by others, pledges receivable, net of the allowance for uncollectible pledges, designations payable, response grants payable and accounts payable, approximate their carrying amounts at June 30, 2010 and 2009.

NOTE 2 – CASH

The carrying amount of the Organization's cash balance was \$280,319 and \$151,601 at June 30, 2010 and 2009, respectively. The bank balance was \$293,309 and \$146,936 at June 30, 2010 and 2009, respectively. The maximum amount of loss due to credit risk is based on the bank balance that exceeds the coverage of federal depository insurance, which was \$-0- at June 30, 2010 and 2009. The Organization uses a rating system to rate the banks used for deposits, and feels the risk of loss due to any excess deposits is low. There was no restricted cash at June 30, 2010 or June 30, 2009.

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 3 – INVESTMENTS

Investments are reported at fair market value as of June 30, 2010 and 2009. The Organization uses observable market prices to determine fair market value, which is considered a Level 1 input for assessing fair market value under FASB Statement No. 157, “Fair Value Measurements”. Unrealized and realized gains and losses on investments are recorded as investment income in the financial statements. Purchases and sales of investments during the years ended June 30, 2010 and 2009 are displayed in the Statement of Cash Flows.

Investment earnings consist of the following:

	2010	2009
Interest and dividends	\$ 7,724	\$ 11,106
Realized (loss)/gain on sale of investments	(356)	(9,766)
Unrealized gain (loss) on investments	21,573	(57,658)
Total investment earnings (loss)	\$ 28,941	\$ (56,318)

The investments are as follows:

	2010	2009
Marketable securities	\$ 106,636	\$ 194,763

In addition, at June 30, 2010 and 2009, there are \$124,379 and \$118,618, respectively, of investments in the Oregon Community Foundation (the Foundation), an Oregon not-for-profit corporation, that are discussed in note 4.

**NOTE 4 – CONTRIBUTIONS TO THE OREGON COMMUNITY
FOUNDATION ENDOWMENT FUND**

The Organization follows SFAS No. 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*, for amounts contributed to the Foundation by either the Organization or other donors on behalf of the Organization. SFAS No. 136 specifically requires that if a Not-for-Profit Organization (“NPO”) establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Foundation refers to such funds as endowment partner funds.

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

**NOTE 4 – CONTRIBUTIONS TO THE OREGON COMMUNITY
FOUNDATION ENDOWMENT FUND (continued)**

The Foundation maintains variance power and legal ownership of all funds, including endowment partner funds, and as such continues to report the funds as assets of the Foundation.

The Organization maintains two funds with the Foundation. The United Way of Deschutes County Community Endowment is a combination of amounts that the Organization has transferred to the Foundation for its own benefit and donors contributions to the Foundation on behalf of the Organization. The fair market value of the Fund at June 30, 2010 was \$27,798 and at June 30, 2009 was \$26,429. Of these amounts, the portion that is recorded as a beneficial interest in assets held by others at June 30, 2010 and 2009 was \$17,144 and \$16,358, respectively.

The second fund is the United Way of Deschutes County Endowment Fund. This fund contains amounts transferred by the Organization for its own benefit. The fair market value of the Fund at June 30, 2010 and 2009 was \$107,235 and \$102,260, respectively, and in accordance with SFAS No. 136, the entire amounts have been recorded as a beneficial interest in assets held by others.

Of these amounts, the Organization has recorded a beneficial interest in assets held by others of \$124,379 and \$118,618 as of June 30, 2010 and June 30, 2009. The Organization does not record assets for the amounts contributed by donors, or the investment earnings allocated to those contributions.

The Organization's two funds at the Foundation were established to account for donor permanently restricted contributions and to support the general purposes of the Organization by attracting and growing planned gifts that generate income beyond the annual campaign. The endowment, which is comprised of these two accounts, includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

**NOTE 4 – CONTRIBUTIONS TO THE OREGON COMMUNITY
FOUNDATION ENDOWMENT FUND (continued)**

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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, the Organization 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.

**Endowment Net Asset Composition by Type of Fund
as of June 30, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (3,920)	\$	\$ 21,064	\$ 17,144
Board-designated endowment funds	<u>107,235</u>	<u> </u>	<u> </u>	<u>107,235</u>
Total Funds	<u>\$ 103,315</u>	<u>\$</u>	<u>\$ 21,064</u>	<u>\$124,379</u>

The \$3,920 deficit in unrestricted net assets represents the amounts by which the fair value of certain donor-restricted endowment funds were below the amount required to be retained permanently.

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

**NOTE 4 – CONTRIBUTIONS TO THE OREGON COMMUNITY
FOUNDATION ENDOWMENT FUND (continued)**

**Changes in Endowment Net Assets
for the Fiscal Year Ended June 30, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 102,260	\$	\$ 16,358	\$ 118,618
Investment return:				
Investment income	1,786		285	2,071
Net depreciation (realized and unrealized)	9,928		1,590	11,518
Total investment return	11,714		1,875	13,589
Appropriation of endowment assets for expenditure	(6,739)		(1,089)	(7,828)
Endowment net assets, end of year	<u>\$ 107,235</u>	<u>\$</u>	<u>\$ 17,144</u>	<u>\$ 124,379</u>

**Description of Amounts Classified as Permanently Restricted Net Assets
(Endowment Only)**

	<u>June 30, 2010</u>
Permanently Restricted Net Assets	
(1) The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by SPMIFA	\$ 21,064
Total endowment funds classified as permanently restricted net assets	<u>\$ 21,064</u>

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

**NOTE 4 – CONTRIBUTIONS TO THE OREGON COMMUNITY
FOUNDATION ENDOWMENT FUND (continued)**

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature that are reported in unrestricted net assets were \$3,920 as of June, 30 2010. The deficiency resulted from unfavorable market fluctuations that occurred in FYE June 30, 2008 in combination with distributions made from the fund.

Return Objectives and Risk Parameters

The organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-specified funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. The Organization's endowment funds are held with the Foundation. It is the Organizations belief that the Foundation invests conservatively and therefore, the endowment funds may earn a rate slightly below average.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation distributes, not less than annually, an appropriate percentage of the fair market value of the principal and income of the Fund to the United Way of Deschutes County. The Foundation may make distributions from the Fund to the Organization in addition to the annual distribution upon a majority vote of the Organization's board of directors if in the sole judgment of the board of directors of the Foundation the requested distribution is consistent with the objectives and purposes of the Organization and with the charitable, educational, and scientific needs of the state of Oregon.

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

**NOTE 4 – CONTRIBUTIONS TO THE OREGON COMMUNITY
FOUNDATION ENDOWMENT FUND (continued)**

It is the Organization's policy that endowment generated income can be used to respond to crises, fund new or high priority projects, underwrite research, provide for expansion and for other uses consistent with the mission of the Organization. This policy provides the Organization income to respond to current priorities and to ensure funds will be available for future needs.

NOTE 5 – PLEDGES RECEIVABLE

As of June 30, 2010, \$345,501 remained uncollected from the annual campaign. The pledges receivable shown in the financial statements are net of an allowance considered doubtful of \$70,000. At June 30, 2009, \$325,757 remained uncollected from the annual campaign and is shown in the financial statements net of an allowance considered doubtful of \$90,000. Provision for uncollectible is computed based upon a three year historical average and analysis of current conditions, applied to gross campaign, including donor designations. All pledges, net of the allowance, are expected to be received in the year ended June 30, 2011.

NOTE 6 – EQUIPMENT

Equipment is reported at cost or fair market value if donated. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Maintenance and repairs are charged to expenses as incurred; major renewals and betterments are capitalized. Gross equipment at June 30, 2010 and 2009 totaled \$38,201 and \$38,602, respectively and accumulated depreciation totaled \$33,939 and \$31,117, respectively. Equipment, net of depreciation, totaled \$4,262 and \$7,485, respectively.

Office equipment is depreciated over an estimated useful life of 5 years. Depreciation expense for the years ended June 30, 2010 and 2009 was \$3,223 and \$3,332, respectively.

NOTE 7 – DESIGNATIONS PAYABLE

The amount of designations payable represents donor-designated contributions received that are due to member and non-member agencies.

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 8 – BOARD APPROPRIATED NET ASSETS

The Board of Directors of the Organization has made certain appropriations of the unrestricted net assets. These appropriations are as follows:

	Operating Reserve	Endowments	Response Grants	Total Board Appropriated Unrestricted Net Assets
Balance June 30, 2009	\$ 117,532	\$ 102,260	\$ 1,500	\$ 221,292
Transfers	10,740	4,974	21,000	36,714
Disbursements	<u> </u>	<u> </u>	<u>(3,000)</u>	<u>(3,000)</u>
Balance June 30, 2010	<u>\$ 128,272</u>	<u>\$ 107,234</u>	<u>\$ 19,500</u>	<u>\$ 255,006</u>

The Operating Reserve is for potential cash flow deficiencies or community emergencies. The target for this reserve is one-half of the previous year’s operating expenses.

The purpose of Endowment reserves are to support the general purposes of the Organization by attracting and growing planned gifts that generate income beyond the annual campaign.

The Response Grant reserve is for the purpose of providing funding, other than annual allocations, to agencies and programs.

NOTE 9 – PROGRAM ACTIVITIES

The Organization has five program activities as follows:

Central Oregon 211 is a program to refer people needing help to the appropriate agencies to get the help they need.

Days of Caring is a program to gather community volunteers to do specific tasks at local non-profit sites.

Community Building is a program to assess and address community needs by working in collaboration, or partnership with other organizations.

Fund Distribution is the program to determine allocations and grants to agencies and programs.

The Organization allocates costs to different programs and supporting services based on both specific identification and staff hours devoted to the various programs and supporting services.

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 10 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are comprised of assets restricted for field of service donations, contributions receivable FMV lease and pledges receivable, net of the allowance for uncollectible pledges and designations payable associated with those pledges receivable. Designations payable associated with pledges receivable are estimated based on the percentage of current year pledges that are designated by donors.

The composition of temporarily restricted net assets is as follows:

	<u>2010</u>	<u>2009</u>
Field of service & community impact donations	\$ 34,427	\$ 34,553
Pledges receivable, net of allowance and designations payable	185,613	161,093
Contributions receivable FMV lease	<u>9,674</u>	<u>18,933</u>
	<u>\$ 229,714</u>	<u>\$ 214,579</u>

NOTE 11 – PERMANENTLY RESTRICTED NET ASSETS

At June 30, 2010, permanently restricted net assets are comprised of contributions whose corpus is restricted as permanent endowments. There are no restrictions on the use of income from these permanent endowments.

NOTE 12 – PENSION PLAN

The Organization maintains a simplified employee pension plan, which is a defined contribution plan, for its employees. All employees who have attained the age of 21 and have earned at least \$450 of compensation during the year are eligible for the plan beginning January of the following year. The Organization contributes 6.0% of the employees' compensation to the plan. However, in March 2009, the Organization's board of directors elected to temporarily cease contributions to employee's pension plans beginning April 2009. The contributions for the years ended June 30, 2010 and 2009 were \$-0- and \$8,877, respectively.

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 13 – DONOR DESIGNATION

Under Financial Accounting Standards Board accounting principles adopted by the Organization, gifts designated by the donor are not reported as public support. The donor designations are recorded as a liability of the Organization. The amount of the donor designations for the years ended June 30, 2010 and 2009 were \$357,885 and \$359,765, respectively.

NOTE 14 – RISK MANAGEMENT

The Organization is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions and natural disasters for which the Organization carries commercial insurance. There have been no significant reductions in coverage from the prior years and settlements have not exceeded coverage in the past three years.

NOTE 15 – CREDIT RISK

The Organization's revenue is comprised substantially of donations in Deschutes County, Oregon. The top two donors made donations in the year ended June 30, 2010 comprising 4% of total donations. The Organization has credit risk arising from pledges receivables. The maximum amount of loss at June 30, 2010 equals the pledges receivable, net balance of \$275,501. The maximum risk of loss related to investments and the beneficial interest in assets held by others equals the carrying amounts in the financial statements.

NOTE 16 – RELATED PARTY TRANSACTIONS

The Organization received contributions from members of its Board of Directors. Contributions from members for the year ended June 30, 2010 and amounts receivable from members as of June 30, 2010 were as follows:

	Pledges Received	Receivable at June 30, 2010
Unrestricted	\$ 18,335	\$ 5,918
Temporarily restricted	\$ 18,335	\$ 5,918

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 17 – SUBSEQUENT EVENTS

On July 12, 2010, the Executive Committee approved the allocation of 2009-2010 campaign contributions to member agencies, resulting in a commitment of \$543,200.

Subsequent events have been evaluated through November 23, 2010, the date the financial statements were issued.

NOTE 18 – REVOCABLE SPLIT-INTEREST AGREEMENTS AND WILLS

The Organization has been named as a beneficiary in split-interest agreements and wills; however, no assets or revenue have been recognized related to these agreements or wills as the Organization has not received an irrevocable right to these benefits as of June 30, 2010.

NOTE 19 – OPERATING LEASE

The Organization's office space is leased from Deschutes County under a five year lease with the term of July 1, 2006 through June 30, 2011 and the lease has an early termination clause allowing the Organization to terminate their lease without penalty upon sixty days notice. Rental payments are \$457 per month as of June 30, 2010 and are scheduled to escalate throughout the term of the lease. Rental expense for the years ending June 30, 2010 and 2009 was \$14,743 and \$15,570, respectively.

In the year ended June 30, 2009, it was determined that the payments stipulated in the lease agreement are less than fair market rates for similar leases. Accordingly, a receivable of \$9,674 and \$18,933 has been recorded at June 30, 2010 and June 30, 2009, respectively. This receivable represents the present value of the difference between the estimated fair market lease rates and the payments stipulated in the lease agreement over the remainder of this lease.

NOTE 20 – PRIOR PERIOD RESTATEMENT

The prior year financial statements have been restated to reclassify Central Oregon 211 revenue in the amount of \$159,430 from campaign revenue and contributed services and facilities in the Statement of Activities. Central Oregon 211 revenue is received through grants and other sources and is not part of the general campaign. The Statements of Activities is the only statement affected by this reclassification, and there was no change to net assets.

SUPPLEMENTAL INFORMATION

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

SCHEDULE OF PUBLIC SUPPORT, REVENUES, AND EXPENSES
ACTUAL COMPARED TO BUDGET

YEAR ENDED JUNE 30, 2010

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
PUBLIC SUPPORT AND REVENUES			
Public Support			
Campaign pledges	\$ 1,299,062	\$	\$
State employees campaign	7,565		
TOTAL CAMPAIGN PLEDGES	<u>1,306,627</u>	<u>1,200,000</u>	<u>106,627</u>
Contributed Services and Facilities	73,382		73,382
Allowance for pledge loss	<u>(36,701)</u>	<u>(84,000)</u>	<u>47,299</u>
TOTAL PUBLIC SUPPORT	<u>1,343,308</u>	<u>1,116,000</u>	<u>227,308</u>
REVENUES			
Investment income	28,941	18,000	10,941
Central Oregon 211 revenue	109,400	119,700	(10,300)
Service fees	<u>2,500</u>	<u>2,000</u>	<u>500</u>
TOTAL REVENUES	<u>140,841</u>	<u>139,700</u>	<u>1,141</u>
TOTAL PUBLIC SUPPORT AND REVENUES (1)	<u>1,484,149</u>	<u>1,255,700</u>	<u>228,449</u>
EXPENSES AND ALLOCATIONS	<u>1,418,094</u>	<u>1,257,300</u>	<u>160,794</u>
(DECREASE) INCREASE IN NET ASSETS - BUDGET BASIS	<u>\$ 66,055</u>	<u>\$ (1,600)</u>	<u>\$ 67,655</u>

(1) Reconciliation to GAAP basis

Total Public Support and Revenues	\$ 1,484,149
Less designations	<u>(357,885)</u>
Total Reported on GAAP Statements	<u>\$ 1,126,264</u>

See auditors' report

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

SCHEDULE OF EXPENSES
ACTUAL COMPARED TO BUDGET

YEAR ENDED JUNE 30, 2010

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Administrative Expenses			
Salaries	\$ 186,379	\$ 188,900	\$ (2,521)
Employee benefits and taxes	58,136	61,770	(3,634)
Professional fees	18,261	11,995	6,266
Supplies	19,468	3,125	16,343
Telephone and communications	2,836	2,600	236
Postage	4,813	4,300	513
Occupancy	14,743	5,490	9,253
Equipment rent and maintenance	776	1,000	(224)
Printing and advertising	4,203	1,450	2,753
Staff training	(340)		(340)
Travel	4,300	5,000	(700)
Meeting and Events	5,694	3,370	2,324
Insurance	2,567	2,600	(33)
Fees and dues	3,167	760	2,407
Other administrative expense	3,681	2,400	1,281
Depreciation	3,223		3,223
United Way of America dues	13,981	12,700	1,281
Total Administrative Expenses	<u>345,888</u>	<u>307,460</u>	<u>38,428</u>
Campaign Cost			
Major giving expenses		1,370	(1,370)
Campaign supplies	4,593	2,450	2,143
Cornerstone expense	421	500	(79)
Crosswater fundraiser expense	1,008	3,600	(2,592)
Printing and advertising	56,331	4,620	51,711
State campaign	867	600	267
Meeting and events	4,208		4,208
Total Campaign Cost	<u>67,428</u>	<u>13,140</u>	<u>54,288</u>
Agency Allocations			
Member agency allocations	532,560	495,400	37,160
Donor designations and assigned community pledges	357,885	299,000	58,885
Donated goods	6,587		6,587
Days of Caring		6,000	(6,000)
Central Oregon 211 - contracted services	104,746	121,300	(16,554)
Response grants	3,000	15,000	(12,000)
Total Allocations	<u>1,004,778</u>	<u>936,700</u>	<u>68,078</u>
Total Expenses (1)	<u>\$ 1,418,094</u>	<u>\$ 1,257,300</u>	<u>\$ 160,794</u>
(1) Reconciliation to GAAP basis			
Total Expenditures	\$ 1,418,094		
Adjustments:			
Designations, incl. assigned community pledges	(357,885)		
Total Reported on GAAP Statements	<u>\$ 1,060,209</u>		

See auditors' report