

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

JUNE 30, 2009

BOARD OFFICERS

President

Richard Bailey

1st Vice President

Jeff Ludeman

Treasurer

Lisa Ihander

Executive Director

Ken Wilhelm

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UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

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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, 2009, 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 2008 financial statements and, in our report dated November 28, 2008, we expressed an unqualified opinion on those financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Deschutes County as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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
Greer, Mahr & Associates, LLP
December 8, 2009

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

STATEMENT OF FINANCIAL POSITION

	June 30,	
	2009	2008
ASSETS		
Cash (Note 2)	\$ 151,601	\$ 161,822
Investments (Note 3)	194,763	397,425
Beneficial interest in assets held by others (Note 4)	118,618	158,340
Pledges receivable (Note 5)	325,757	467,688
(Less allowance for uncollectible)	(90,000)	(82,000)
Contributions receivable FMV lease (Note 20)	18,933	
Other assets	12,464	3,269
Equipment, net of depreciation (Note 6)	7,485	10,065
TOTAL ASSETS	\$ 739,621	\$ 1,116,609
LIABILITIES		
Designations payable (Note 7)	\$ 107,772	\$ 308,020
Response grants payable (Note 14)	21,000	
Accounts payables	6,884	317
Accrued expenses	17,452	16,755
TOTAL LIABILITIES	153,108	325,092
NET ASSETS		
Unrestricted		
Unappropriated	129,678	110,433
Board appropriated (Note 8)	221,292	319,475
Total unrestricted	350,970	429,908
Temporarily restricted (Note 10)	214,579	340,645
Permanently restricted (Note 11)	20,964	20,964
TOTAL NET ASSETS	586,513	791,517
TOTAL LIABILITIES & NET ASSETS	\$ 739,621	\$ 1,116,609

See accompanying notes

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

STATEMENT OF ACTIVITIES

	Years Ended June 30,				
	2009			2008	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	Totals
PUBLIC SUPPORT & REVENUE					
Gross campaign results	\$ 935,239	\$ 500,941		\$ 1,436,180	\$ 1,589,041
(Less donor designations)	(359,765)			(359,765)	(480,773)
Campaign revenue	575,474	500,941		1,076,415	1,108,268
(Less provision for uncollectible)	(97,754)			(97,754)	(85,586)
Net campaign revenue	477,720	500,941		978,661	1,022,682
Contributed services and facilities	178,835			178,835	53,693
Service fees	4,950			4,950	11,091
Investment income (loss)	(56,318)			(56,318)	8,891
Miscellaneous income	780			780	1,660
TOTAL REVENUE	605,967	500,941		1,106,908	1,098,017
EXPENSES					
Program services					
Gross funds awarded/distributed	1,141,523			1,141,523	1,198,657
(Less donor designations)	(359,765)			(359,765)	(480,773)
Net funds awarded/distributed	781,758			781,758	717,884
Information and referral	161,346			161,346	2,696
Days of caring	14,901			14,901	10,343
Community building	11,021			11,021	11,072
Fund distribution	16,529			16,529	16,606
TOTAL PROGRAM SERVICES	985,555			985,555	758,601
Supporting services					
Organizational administration	211,695			211,695	210,841
Fundraising	107,041			107,041	132,588
United Way of America dues	7,621			7,621	14,027
TOTAL SUPPORT SERVICES	326,357			326,357	357,456
TOTAL EXPENSES	1,311,912			1,311,912	1,116,057
Net assets released from restrictions	627,007	(627,007)			
Decrease in net assets	(78,938)	(126,066)		(205,004)	(18,040)
NET ASSETS BEGINNING OF PERIOD	429,908	340,645	20,964	791,517	809,557
NET ASSETS END OF PERIOD	\$ 350,970	\$ 214,579	\$ 20,964	\$ 586,513	\$ 791,517

See accompanying notes

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

STATEMENT OF CASH FLOWS

	Years Ended June 30,	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss - decrease in net assets	\$ (205,004)	\$ (18,040)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Contributions (stock)	(8,287)	(46,706)
Depreciation	3,332	2,753
Unrealized/realized losses	67,424	9,759
Decrease in pledges receivable	149,931	32,719
Increase in contributions - FMV lease	(18,933)	
Increase in other assets	(9,195)	(645)
(Decrease) increase in designations payable and accounts payable	(193,681)	60,166
Increase in Response grants payable	21,000	
Increase in accrued expenses	697	1,833
	(192,716)	41,839
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(108,239)	(8,389)
Proceeds from sale of investments	291,486	63,204
Acquisition of capital assets	(752)	(5,078)
	182,495	49,737
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)	
	_____	_____
NET CASH PROVIDED BY FINANCING ACTIVITIES		
NET (DECREASE) INCREASE IN CASH	(10,221)	91,576
CASH - BEGINNING BALANCE	161,822	70,246
CASH - ENDING BALANCE	\$ 151,601	\$ 161,822

See accompanying notes

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

STATEMENT OF OTHER FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2009
With Comparative Totals for 2008

EXPENSES	Program Expenses				Support Services			2009 Total	2008 Total				
	Allocation Services	Information & Referral	Days of Caring	Community Building	Fund Distribution	Total Program	Organizational Administration			Fund- raising	United Way Dues	Total Support	
Allocation/Awards (Less Donor Designations)	\$ 1,141,523	\$	\$	\$	\$	\$ 1,141,523	\$	\$	\$	\$	\$ 1,141,523	\$ 1,198,657	(480,773)
	(359,765)					(359,765)					(359,765)		
Sub-Total	781,758					781,758					781,758	717,884	
Salaries	14,291		2,913	6,310	9,465	32,979	121,213	45,490		166,703	199,682	205,136	
Employee benefits and taxes	5,183		848	1,836	2,755	10,622	35,273	14,832		50,105	60,727	62,087	
Sub-Total	19,474		3,761	8,146	12,220	43,601	156,486	60,322		216,808	260,409	267,223	
Contract services	56,736					56,736					56,736	15,013	
Professional fees	1,394		297	643	964	3,298	12,351			12,351	15,649	13,855	
Supplies	57		1,768	233	350	2,408	4,484	10,362		14,846	17,254	3,986	
Telephone and communications	197		61	133	199	590	2,547			2,547	3,137	4,700	
Postage	293		85	184	275	837	3,525			3,525	4,362	4,968	
Occupancy	169		321	695	1,042	2,227	13,343			13,343	15,570	1,256	
Equipment rent and maintenance	12		22	48	72	154	922			922	1,076	43,855	
Printing and advertising	79,946		4,796	142	213	85,097	2,734	32,146		34,880	119,977	283	
Staff training	1,297		(21)	(46)	(69)	1,161	(878)			(878)	283	3,954	
Travel	419		100	218	326	1,063	4,180			4,180	5,243	4,061	
Conferences	1,211		2,002	47	70	3,330	898	3,530		4,428	7,758	6,964	
Insurance	28		53	115	174	370	2,218			2,218	2,588	2,550	
Fees and dues	47		89	192	289	617	3,693	681		4,374	4,991	3,239	
Other administrative expense	30		1,498	122	182	1,832	2,336			2,336	4,168	5,769	
Depreciation	36		69	149	222	476	2,856			2,856	3,332	2,753	
Sub-Total	141,872		11,140	2,875	4,309	160,196	55,209	46,719		101,928	262,124	116,923	
United Way of America dues									7,621	7,621	7,621	14,027	
Total Functional Expenses	\$ 781,758	\$ 161,346	\$ 14,901	\$ 11,021	\$ 16,529	\$ 985,555	\$ 211,695	\$ 107,041	\$ 7,621	\$ 326,357	\$ 1,311,912	\$ 1,116,057	

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2009 AND 2008

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 \$214,579 and \$340,645 at June 30, 2009 and 2008, respectively and permanently restricted net assets of \$20,964 as of June 30, 2009 and 2008.

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2009 AND 2008

**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. \$22,115 of contributed services is recorded in fundraising expense, \$4,923 in organizational administration expense, \$74,943 in information and referral, \$3,272 in days of caring, \$257 in community building, and \$384 in fund distribution. In addition, included in allocation/awards expense is \$43,658 of in-kind goods distributed.

Also, as discussed in note 20, the Organization receives office space at a discounted rate. \$29,283 in revenue has been recorded related to this lease agreement in the year ended June 30, 2009.

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

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2009 AND 2008

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

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).

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, 2009. Unrealized appreciation or depreciation of the investments is recognized currently in income.

RECLASSIFICATIONS

Certain amounts in the 2008 financial statements have been reclassified to conform to the 2009 presentation.

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, 2008, from which the summarized information was derived.

ADVERTISING

Advertising costs are expensed when incurred. Advertising costs for the years ended June 30, 2009 and 2008 were \$119,977 and \$43,855, respectively.

COST DEDUCTION STANDARDS

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

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2009 AND 2008

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

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, 2009 and 2008.

NOTE 2 - CASH

The carrying amount of the Organization's cash balance was \$151,601 and \$161,822 at June 30, 2009 and 2008, respectively. The bank balance was \$146,936 and \$168,408 at June 30, 2009 and 2008, respectively. At times during the year, the bank balances exceeded the coverage of federal depository insurance. 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- and \$729 at June 30, 2009 and 2008, respectively. The Organization uses a rating system to rate the banks used for deposits, and feels the risk of loss due to the excess deposit is low. There was no restricted cash at June 30, 2009 or June 30, 2008.

NOTE 3 - INVESTMENTS

Investments are reported at fair market value as of June 30, 2009 and 2008. 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 year ended June 30, 2009 are displayed in the Statement of Cash Flows.

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2009 AND 2008

NOTE 3 – INVESTMENTS (continued)

Investment earnings consist of the following:

	2009	2008
Interest and dividends	\$ 11,106	\$ 18,650
Realized (loss)/gain on sale of investments	(9,766)	16,488
Unrealized loss on investments	(57,658)	(26,247)
Total investment earnings (loss)	\$ (56,318)	\$ 8,891

The investments are as follows:

	2009	2008
Marketable securities	\$ 194,763	\$ 397,425

In addition, at June 30, 2009 and 2008, there are \$118,618 and \$158,340, 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.

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.

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2009 AND 2008

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

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, 2009 was \$26,429 and at June 30, 2008 was \$35,327. Of these amounts, the portion that is recorded as a beneficial interest in assets held by others at June 30, 2009 and 2008 was \$16,358 and \$21,865, 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, 2009 and 2008 was \$102,260 and \$136,475, 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 \$118,618 and \$158,340 as of June 30, 2009 and June 30, 2008. 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, 2009 AND 2008

**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, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (4,606)	\$	\$ 20,964	\$ 16,358
Board-designated endowment funds	<u>102,260</u>			<u>102,260</u>
Total Funds	<u>\$ 97,654</u>	<u>\$</u>	<u>\$ 20,964</u>	<u>\$118,618</u>

The \$4,606 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
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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2009 AND 2008

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

**Changes in Endowment Net Assets
for the Fiscal Year Ended June 30, 2009**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 137,376	\$	\$ 20,964	\$ 158,340
Investment return:				
Investment income	4,143		664	4,807
Net depreciation (realized and unrealized)	(32,497)		(4,163)	(36,660)
Total investment return	(28,354)		(3,499)	(31,853)
Appropriation of endowment assets for expenditure	(6,762)		(1,107)	(7,869)
Endowment net assets, end of year	\$ 102,260	\$	\$ 16,358	\$ 118,618

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

	June 30, 2009
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	\$ 20,964
Total endowment funds classified as permanently restricted net assets	\$ 20,964

UNITED WAY OF DESCHUTES COUNTY
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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2009 AND 2008

**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 \$4,606 as of June, 30 2009. The deficiency resulted from unfavorable market fluctuations that occurred in the current year 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
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NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2009 AND 2008

**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, 2009, \$325,757 remained uncollected from the annual campaign. The pledges receivable shown in the financial statements are net of an allowance considered doubtful of \$90,000. At June 30, 2008, \$467,688 remained uncollected from the annual campaign and is shown in the financial statements net of an allowance considered doubtful of \$82,000. 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, 2010.

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, 2009 and 2008 totaled \$38,602 and \$37,850, respectively and accumulated depreciation totaled \$31,117 and \$27,785, respectively. Equipment, net of depreciation, totaled \$7,485 and \$10,065, respectively.

Office equipment is depreciated over an estimated useful life of 5 years. Depreciation expense for the years ended June 30, 2009 and 2008 was \$3,332 and \$2,753, 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, 2009 AND 2008

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 <u>Reserve</u>	<u>Endowments</u>	Response <u>Grants</u>	Total Board Appropriated Unrestricted <u>Net Assets</u>
Balance June 30, 2008	\$ 153,500	\$ 136,475	\$ 29,500	\$ 319,475
Transfers	(35,968)	(27,453)		(63,421)
Disbursements	<u> </u>	<u>(6,762)</u>	<u>(28,000)</u>	<u>(34,762)</u>
Balance June 30, 2009	<u>\$ 117,532</u>	<u>\$ 102,260</u>	<u>\$ 1,500</u>	<u>\$ 221,292</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 four program activities as follows:

Information and Referral is a program to refer people calling needing help to the appropriate agencies to get the help they need. The majority of information and referral expenses relate to Central Oregon 2-1-1, which started in the year ended June 30, 2009.

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.

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2009 AND 2008

NOTE 9 – PROGRAM ACTIVITIES (continued)

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.

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:

	June 30, 2009	June 30, 2008
Field of service donations	\$ 34,553	\$ 84,460
Pledges receivable, net of allowance and designations payable	161,093	256,185
Contributions receivable FMV lease	18,933	
	<u>\$ 214,579</u>	<u>\$ 340,645</u>

NOTE 11 – PERMANENTLY RESTRICTED NET ASSETS

At June 30, 2009, 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 stop contributions to their pension plans beginning in April of 2009. The contributions for the years ended June 30, 2009 and 2008 were \$8,877 and \$13,450, respectively.

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2009 AND 2008

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, 2009 and 2008 were \$359,765 and \$480,773, respectively.

NOTE 14 – RESPONSE GRANTS PAYABLE

The Organization has made \$21,000 in conditional and unconditional promises to give to other non-profit organizations out of the Response Grant fund as of June 30, 2009. This amount has been reported as a liability and is expected to be paid out in the year ended June 30, 2010.

NOTE 15 – 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 16 – 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, 2009 comprising 6.3% of total donations. The Organization has credit risk arising from pledges receivables. The maximum amount of loss at June 30, 2009 equals the pledges receivable, net balance of \$235,757. 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.

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2009 AND 2008

NOTE 17 – RELATED PARTY TRANSACTIONS

The Organization received contributions from members of its Board of Directors. Contributions from members for the year ended June 30, 2009 and amounts receivable from members as of June 30, 2009 were as follows:

	Pledges Received	Amounts Receivable at June 30, 2009
Unrestricted	\$ 11,168	\$
Temporarily restricted	4,963	4,963
	<u>\$ 16,131</u>	<u>\$ 4,963</u>

NOTE 18 – SUBSEQUENT EVENTS

On July 13, 2009, the Executive Committee approved the allocation of 2008-2009 campaign contributions to member agencies, resulting in a commitment of \$522,360.

NOTE 19 – 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, 2009.

NOTE 20 – 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 \$435 per month as of June 30, 2009 and are scheduled to escalate throughout the term of the lease. Rental expense for the years ending June 30, 2009 and 2008 was \$15,570 and \$4,968, respectively.

In the current year, it was determined that the payments stipulated in the lease agreement are less than fair market rates for similar leases. Accordingly, a receivable of \$18,933 has been recorded at June 30, 2009, which 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.

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, 2009

PUBLIC SUPPORT AND REVENUES	Actual	Budget	Variance
Public Support			
Campaign pledges	\$ 1,428,378	\$	\$
State employees campaign	7,802		
TOTAL CAMPAIGN PLEDGES	1,436,180	1,575,000	(138,820)
Contributed Services and Facilities	178,835		178,835
Allowance for pledge loss	(97,754)	(85,000)	(12,754)
TOTAL PUBLIC SUPPORT	1,517,261	1,490,000	27,261
REVENUES			
Investment income	(56,318)	27,000	(83,318)
Service fees	4,950	2,000	2,950
Other income	780		780
TOTAL REVENUES	(50,588)	29,000	(79,588)
TOTAL PUBLIC SUPPORT AND REVENUES (1)	1,466,673	1,519,000	(52,327)
EXPENSES AND ALLOCATIONS	1,671,677	1,513,100	158,577
(DECREASE) INCREASE IN NET ASSETS - BUDGET BASIS	\$ (205,004)	\$ 5,900	\$ (210,904)

(1) Reconciliation to GAAP basis

Total Public Support and Revenues	\$ 1,466,673
Less designations	(359,765)
Total Reported on GAAP Statements	\$ 1,106,908

See auditors' report

UNITED WAY OF DESCHUTES COUNTY
Deschutes County, Oregon

SCHEDULE OF EXPENSES
ACTUAL COMPARED TO BUDGET

YEAR ENDED JUNE 30, 2009

	Actual	Budget	Variance
Administrative Expenses			
Salaries	\$ 199,682	\$ 213,500	\$ (13,818)
Employee benefits and taxes	60,727	68,300	(7,573)
Contracted services	56,736		56,736
Professional fees	15,649	9,650	5,999
Supplies	6,893	4,000	2,893
Telephone and communications	3,137	2,770	367
Postage	4,362	4,500	(138)
Occupancy	15,570	5,220	10,350
Equipment rent and maintenance	1,076	1,200	(124)
Printing and advertising	87,831	4,365	83,466
Staff training	283	500	(217)
Travel	5,243	4,300	943
Conferences	4,228	8,850	(4,622)
Insurance	2,588	2,570	18
Fees and dues	4,310	1,230	3,080
Other administrative expense	4,168		4,168
Depreciation	3,332		3,332
United Way of America dues	7,621	14,700	(7,079)
Total Administrative Expenses	<u>483,436</u>	<u>345,655</u>	<u>137,781</u>
Campaign Cost			
Major giving expenses		3,150	(3,150)
Campaign supplies	10,361	4,800	5,561
Cornerstone expense	3,348		3,348
Printing and advertising	28,798	9,780	19,018
State campaign	681	715	(34)
Conferences and training	3,530		3,530
Total Campaign Cost	<u>46,718</u>	<u>18,445</u>	<u>28,273</u>
Agency Allocations			
Member agency allocations	710,100	720,000	(9,900)
Donor designations	266,420	414,000	(147,580)
Donated goods	43,658		43,658
Assigned community pledges	93,345		93,345
Response grants	28,000	15,000	13,000
Total Allocations	<u>1,141,523</u>	<u>1,149,000</u>	<u>(7,477)</u>
Total Expenses (1)	<u>\$ 1,671,677</u>	<u>\$ 1,513,100</u>	<u>\$ 158,577</u>
(1) Reconciliation to GAAP basis			
Total Expenditures	\$ 1,671,677		
Adjustments:			
Designations, incl. assigned community pledges	(359,765)		
Total Reported on GAAP Statements	<u>\$ 1,311,912</u>		

See auditors' report