

**United Way of Lane County
(a Nonprofit Organization)
Independent Auditor's Report
And Financial Statements
June 30, 2011 and 2010**

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Mueller Larson Osterman Yuva LLP

Certified Public Accountants

October 11, 2011

Independent Auditor's Report

To the Board of Directors
United Way of Lane County

We have audited the accompanying statements of financial position of United Way of Lane County (a nonprofit organization) as of June 30, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of United Way of Lane County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 audits provide 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 Lane County as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Mueller Larson Osterman Yuva LLP

**United Way of Lane County
Statement of Financial Position
June 30, 2011 and 2010**

	June 30,	
	2011	2010
<u>Assets</u>		
Cash	\$ 760,705	\$ 1,004,820
Investments	117,025	115,504
Pledges and grants receivable, net	1,334,460	1,429,196
Prepaid expenses and deposits	59,927	63,096
Long term investments	421,860	283,983
Property and equipment, net	621,626	622,498
Total assets	\$ 3,315,603	\$ 3,519,097
<u>Liabilities</u>		
Accounts payable and accrued expenses	\$ 167,604	\$ 203,858
Designations payable	615,247	655,840
Agency allocations payable	669,126	730,158
Total liabilities	1,451,977	1,589,856
<u>Net Assets</u>		
Unrestricted		
Undesignated	862,848	823,474
Board designated:		
Program services and operations	375,020	283,983
Contingency	400,000	400,000
Total unrestricted net assets	1,637,868	1,507,457
Temporarily restricted	180,456	421,784
Permanently restricted	45,302	-
Total net assets	1,863,626	1,929,241
Total liabilities and net assets	\$ 3,315,603	\$ 3,519,097

United Way of Lane County
Statement of Activities
For the Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support and revenue				
Gross campaign results	\$ 2,361,174	\$ 1,424,653	\$ 45,302	\$ 3,831,129
Less donor designations	-	(1,230,979)	-	(1,230,979)
Less provision for uncollectible pledges	(21,506)	(12,732)	-	(34,238)
Net campaign revenue	<u>2,339,668</u>	<u>180,942</u>	<u>45,302</u>	<u>2,565,912</u>
Program grants				
Education	-	13,759	-	13,759
Income	-	124,007	-	124,007
Health	-	143,831	-	143,831
Other grants	-	220,335	-	220,335
In-kind support	75,243	-	-	75,243
In-kind support - human services system	-	94,917	-	94,917
Service fees	105,472	-	-	105,472
Interest and dividends	14,121	143	-	14,264
Net gain on investments	58,690	1,395	-	60,085
Other revenues	53,398	-	-	53,398
Net assets released from restriction satisfied by payments	1,020,657	(1,020,657)	-	-
	<u>1,327,581</u>	<u>(422,270)</u>	<u>-</u>	<u>905,311</u>
Total public support and revenue	<u>3,667,249</u>	<u>(241,328)</u>	<u>45,302</u>	<u>3,471,223</u>
Expenses				
Program services				
Gross funds awarded	2,591,807	-	-	2,591,807
Less donor designations	(1,230,979)	-	-	(1,230,979)
Net funds awarded to agencies	1,360,828	-	-	1,360,828
Venture grants and special response	218,476	-	-	218,476
Community services	226,254	-	-	226,254
	<u>1,805,557</u>	<u>-</u>	<u>-</u>	<u>1,805,557</u>
Education	99,794	-	-	99,794
Income	362,759	-	-	362,759
Health	400,258	-	-	400,258
Total program services	<u>2,668,368</u>	<u>-</u>	<u>-</u>	<u>2,668,368</u>
Supporting services				
Administration and general	351,712	-	-	351,712
Fundraising	516,757	-	-	516,757
Total supporting services	<u>868,469</u>	<u>-</u>	<u>-</u>	<u>868,469</u>
Total expenses	<u>3,536,838</u>	<u>-</u>	<u>-</u>	<u>3,536,838</u>
Change in net assets	130,411	(241,328)	45,302	(65,615)
Net assets, beginning of year	<u>1,507,457</u>	<u>421,784</u>	<u>-</u>	<u>1,929,241</u>
Net assets, end of year	<u>\$ 1,637,868</u>	<u>\$ 180,456</u>	<u>\$ 45,302</u>	<u>\$ 1,863,626</u>

United Way of Lane County
Statement of Activities
For the Year Ended June 30, 2010

	Unrestricted	Temporarily Restricted	Total
Public support and revenue			
Gross campaign results	\$ 2,646,004	\$ 1,496,334	\$ 4,142,338
Less donor designations	-	(1,306,466)	(1,306,466)
Less provision for uncollectible pledges	(142,095)	(80,355)	(222,450)
Net campaign revenue	<u>2,503,909</u>	<u>109,513</u>	<u>2,613,422</u>
Program grants			
Education	-	19,500	19,500
Income	-	117,409	117,409
Health	-	77,974	77,974
Other grants	-	184,657	184,657
In-kind support	61,290	-	61,290
In-kind support - human services system	-	31,983	31,983
Service fees	114,957	-	114,957
Interest and dividends	18,770	-	18,770
Net gain on investments	26,807	-	26,807
Other revenues	42,298	-	42,298
Net assets released from restriction satisfied by payments	733,256	(733,256)	-
	<u>997,378</u>	<u>(301,733)</u>	<u>695,645</u>
Total public support and revenue	<u>3,501,287</u>	<u>(192,220)</u>	<u>3,309,067</u>
Expenses			
Program services			
Gross funds awarded	2,874,482	-	2,874,482
Less donor designations	(1,306,466)	-	(1,306,466)
Net funds awarded to agencies	1,568,016	-	1,568,016
Venture grants and special response	124,101	-	124,101
Community services	247,011	-	247,011
	<u>1,939,128</u>	<u>-</u>	<u>1,939,128</u>
Education	94,934	-	94,934
Income	283,104	-	283,104
Health	278,858	-	278,858
Total program services	<u>2,596,024</u>	<u>-</u>	<u>2,596,024</u>
Supporting services			
Administration and general	357,427	-	357,427
Fundraising	499,430	-	499,430
Total supporting services	<u>856,857</u>	<u>-</u>	<u>856,857</u>
Total expenses	<u>3,452,881</u>	<u>-</u>	<u>3,452,881</u>
Change in net assets	48,406	(192,220)	(143,814)
Net assets, beginning of year	<u>1,459,051</u>	<u>614,004</u>	<u>2,073,055</u>
Net assets, end of year	<u>\$ 1,507,457</u>	<u>\$ 421,784</u>	<u>\$ 1,929,241</u>

United Way of Lane County
Statements of Cash Flows
For the Years Ended June 30, 2011 and 2010

	2011	2010
Cash flows from operating activities		
Change in net assets	\$ (65,615)	\$ (143,814)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Net (gain) loss on investments	(60,085)	(26,807)
Depreciation	20,639	19,595
Changes in:		
Pledges and grants receivable	94,736	27,099
Prepaid expenses and deposits	3,169	(5,726)
Accounts payable and accrued expenses	(36,254)	15,818
Designations payable	(40,593)	29,847
Agency allocations payable	(61,032)	102,300
Net cash from operating activities	(145,035)	18,312
 Cash flows from investing activities		
Purchase of equipment	(19,767)	(5,127)
Purchase of investments	(79,313)	-
Proceeds from maturity of short-term investments	-	101,067
Net cash from investing activities	(99,080)	95,940
 Net (decrease) increase in cash	(244,115)	114,252
 Cash, beginning of year	1,004,820	890,568
 Cash, end of year	\$ 760,705	\$ 1,004,820

**United Way of Lane County
Statement of Functional Expenses
For the Year Ended June 30, 2011**

	Program Services				Total
	Allocations and Community Services	Education	Income	Health	
Allocations and awards	\$ 2,591,807	\$ -	\$ -	\$ -	\$ 2,591,807
Less donor designations	(1,230,979)	-	-	-	(1,230,979)
	<u>1,360,828</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,360,828</u>
Venture grants	196,476	-	-	-	196,476
In-kind support - human services system	22,000	-	72,917	-	94,917
	<u>218,476</u>	<u>-</u>	<u>72,917</u>	<u>-</u>	<u>291,393</u>
Salaries, benefits and payroll taxes	172,196	59,249	66,079	95,021	392,545
Purchased services	-	18,139	169,434	223,433	411,006
Community-building activities	11,697	518	5,165	1,030	18,410
Public education	-	8,268	3,899	638	12,805
Office expense	11,307	2,660	3,868	5,917	23,752
Occupancy expense	5,127	1,206	1,313	2,634	10,280
Travel and staff development	1,873	692	578	4,559	7,702
Information technology	2,467	581	788	31,484	35,320
Professional fees	5,332	4,658	34,552	27,191	71,733
Depreciation	4,660	1,096	1,194	2,394	9,344
Miscellaneous	2,395	563	615	1,230	4,803
United Way Worldwide dues	9,200	2,164	2,357	4,727	18,448
	<u>226,254</u>	<u>99,794</u>	<u>289,842</u>	<u>400,258</u>	<u>1,016,148</u>
	<u>\$ 1,805,558</u>	<u>\$ 99,794</u>	<u>\$ 362,759</u>	<u>\$ 400,258</u>	<u>\$ 2,668,369</u>

	Supporting Services		Total
	Administration and General	Fundraising	
Salaries, benefits and payroll taxes	\$ 300,880	\$ 314,766	\$ 615,646
Direct fundraising expenses	-	74,896	74,896
Office expense	13,425	13,984	27,409
Occupancy expense	6,087	6,340	12,427
Travel and staff development	2,224	2,317	4,541
Information technology	2,929	3,052	5,981
Professional fees	6,331	6,595	12,926
Depreciation	5,532	5,763	11,295
Miscellaneous	2,844	2,960	5,804
In-kind support	538	74,705	75,243
United Way Worldwide dues	10,923	11,378	22,301
	<u>351,713</u>	<u>516,756</u>	<u>868,469</u>
	<u>\$ 351,713</u>	<u>\$ 516,756</u>	<u>\$ 868,469</u>

**United Way of Lane County
Statement of Functional Expenses
For the Year Ended June 30, 2010**

	Program Services				Total
	Allocations and Community Services	Education	Income	Health	
Allocations and awards	\$ 2,874,482	\$ -	\$ -	\$ -	\$ 2,874,482
Less donor designations	(1,306,466)	-	-	-	(1,306,466)
	<u>1,568,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,568,016</u>
Venture grants	106,700	-	-	-	106,700
In-kind support - human services system	17,401	-	14,582	-	31,983
	<u>124,101</u>	<u>-</u>	<u>14,582</u>	<u>-</u>	<u>138,683</u>
Salaries, benefits and payroll taxes	186,353	58,120	52,585	125,133	422,191
Purchased services	-	22,378	146,723	103,645	272,746
Community-building activities	13,851	318	5,534	771	20,474
Public education	-	3,284	14,249	1,666	19,199
Office expense	12,798	2,732	4,300	5,818	25,648
Occupancy expense	5,049	1,078	967	2,139	9,233
Travel and staff development	1,672	1,200	9,577	10,100	22,549
Information technology	4,087	872	1,921	11,149	18,029
Professional fees	5,504	1,175	29,276	10,940	46,895
Depreciation	4,792	1,023	918	2,030	8,763
Miscellaneous	2,333	498	447	988	4,266
United Way Worldwide dues	10,572	2,256	2,025	4,479	19,332
	<u>247,011</u>	<u>94,934</u>	<u>268,522</u>	<u>278,858</u>	<u>889,325</u>
	<u>\$ 1,939,128</u>	<u>\$ 94,934</u>	<u>\$ 283,104</u>	<u>\$ 278,858</u>	<u>\$ 2,596,024</u>

	Supporting Services		Total
	Administration and General	Fundraising	
Salaries, benefits and payroll taxes	\$ 297,982	\$ 310,897	\$ 608,879
Direct fundraising expenses		80,871	80,871
Office expense	13,981	14,952	28,933
Occupancy expense	5,516	5,899	11,415
Travel and staff development	1,826	1,953	3,779
Information technology	4,465	4,775	9,240
Professional fees	6,013	6,431	12,444
Depreciation	5,235	5,598	10,833
Miscellaneous	2,548	2,725	5,273
In-kind support	8,312	52,978	61,290
United Way Worldwide dues	11,549	12,351	23,900
	<u>357,427</u>	<u>499,430</u>	<u>856,857</u>
	<u>\$ 357,427</u>	<u>\$ 499,430</u>	<u>\$ 856,857</u>

United Way of Lane County
Notes to Financial Statements
June 30, 2011

Note 1 - Description of Operations and Summary of Significant Accounting Policies

Description of operations – Organizing and gathering community resources to impact local human needs is the work of United Way of Lane County—an independent, locally managed not-for-profit organization founded in 1946.

United Way of Lane County (UWLC) is the regional leader in mobilizing the community to address serious human needs issues. As a non-partisan organization, UWLC is in a unique place to form partnerships with all segments of the community. Through this county-wide network of partners, UWLC supplies basic needs services while working to change the conditions that create these problems in the first place.

UWLC is the largest private funder of human care services in Lane County and supports more than 60 services and programs delivered by more than 40 different agencies.

UWLC focuses its strategic efforts in three distinct action areas. These include:

- **EDUCATION** – Preparing children to succeed in school and life
- **INCOME** – Moving families from poverty to financial stability
- **HEALTH** – Ensuring people have access to basic health care

As a necessary foundation for these strategic goals, UWLC also funds basic needs services for food, shelter, safety, health care and service access.

Examples of United Way strategic investments include:

- **www.211info.org** – The region’s only comprehensive online directory of social service providers and the database platform for the 2-1-1 call center.
- **Volunteer Center** – *The* place in Lane County to go to request volunteers and to find volunteer opportunities for people of all ages.
- **Day of Caring** – An annual event that provides thousands of dollars of free supplies and work hours to improve facilities at local nonprofits.
- **Loaned Executive Program** – A premier leadership development volunteer opportunity that runs for 10 weeks every fall and helps drive UWLC’s annual fundraising campaign.

United Way of Lane County’s mission statement is “improving lives through the caring power of community.”

United Way of Lane County
Notes to Financial Statements
June 30, 2011

**Note 1 - Description of Operations and Summary of Significant Accounting Policies
(Continued)**

Basis of accounting – UWLC maintains its books on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Net assets, revenues and expenses are classified based on the existence or absence of donor-imposed restriction. Net assets of UWLC and changes therein are classified into the following three categories:

- *Unrestricted net assets* – represent expendable funds that are available for support to UWLC’s operations. Certain of these amounts have been designated by the Board of Directors to be utilized for various purposes.
- *Temporarily restricted net assets* – consist of net assets 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 net assets with donor restrictions that stipulate the resources be maintained permanently, but permit UWLC to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes. UWLC had \$45,302 and \$0 in permanently restricted net assets for endowment purposes as of June 30, 2011 and 2010, respectively.

Revenues are reported as unrestricted or temporarily restricted based on the existence or lack of donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation. Expirations of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

UWLC donors have the option of designating a portion or all of their pledges to be passed on to a specific non-profit agency. In these cases, ULWC acts as an agent when it receives assets and agrees to remit these assets to the specified agency on a quarterly basis unless otherwise specified by the donor. On the statement of activities, agency transactions have been included within “Gross campaign results” and then subtracted and presented distinctly as “Donor designations.”

United Way of Lane County
Notes to Financial Statements
June 30, 2011

**Note 1 - Description of Operations and Summary of Significant Accounting Policies
(Continued)**

Use of estimates – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications – Certain prior period amounts have been reclassified to conform to the current year financial statement presentation with no effect on the previously stated change in net assets.

Cash – Cash consists of cash maintained in checking and savings accounts and highly liquid investments with original maturities of 90 days or less. Cash is deposited with two regional financial institutions, and exceed amounts insured by the Federal Deposit Insurance Corporation. Such amount is \$369,637 and \$645,925 at June 30, 2011 and 2010, respectively.

Investments – Investments in certificates of deposit and UWLC's long term investment in the assets of the Oregon Community Foundation are measured at fair value in the statement of financial position. Fair values are based on quoted prices as of the date of the statement of financial position. Investment income or loss (including gains and losses on investments, interest and dividends), is included in the statement of activities as increases or decreases in unrestricted net assets, unless the income or loss is restricted by donor or law.

Pledges and grants receivable – Pledges for contributions received from local companies and individuals are uncollateralized and are recorded in full when pledges are made. All pledges are due within one campaign cycle. Allowances are provided by campaign year based on amounts estimated to be uncollectible, which are based on past collection experience. Pledges and grants receivable are collectible in the current year and stated at the amount UWLC expects to receive.

Property and equipment – Purchased property and equipment are recorded at cost. Donated equipment is recorded at its estimated fair market value on the date of gift. UWLC has a capitalization policy of \$500. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed over the estimated useful lives of the property and equipment using the straight-line method (5 to 7 years for equipment and 39 years for building). Gains and losses on the disposal of property and equipment are recorded in the period incurred.

United Way of Lane County
Notes to Financial Statements
June 30, 2011

Note 1 - Description of Operations and Summary of Significant Accounting Policies
(Continued)

Endowment Classification and Distributions – UWLC has interpreted the Uniform Prudent Management of Institutional Funds Act, enacted by Oregon House Bill 2905, (OR-UPMIFA) as requiring the long term preservation of the fair value of the original gift amount as of the gift date of donor restricted endowment funds absent explicit donor stipulations to the contrary.

For financial statement presentation purposes, UWLC classifies as permanently restricted net assets (a) all funds explicitly stated by the donor to be retained permanently and (b) absent such stipulation, the fair value on the date of gift for gifts donated to the permanent endowment. The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets represents net unappropriated endowment investment income and is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by UWLC, in a manner consistent with the standard of prudence prescribed by OR-UPMIFA. If, as a result of investment losses or appropriations (Board authorized distributions), the fair value of endowment assets is less than the donor restricted amounts, the deficiencies are reported as reductions of UWLC-controlled unrestricted net assets.

When considering appropriation for distribution or accumulation of endowment funds, absent a specifically stated requirement in the gift instrument, UWLC makes a good faith application of the approved UWLC spending policy, considering (a) the duration and preservation of the fund; (b) the purposes of UWLC and the endowment fund; (c) general economic conditions; (d) the possible effect of inflation and deflation; (e) the expected total return from income and the appreciation of investments; (f) other resources of UWLC; and (g) the investment policies of UWLC. The good faith application of the approved UWLC spending policy may result in the fair value of endowment assets being below the level determined as permanently restricted net assets for financial statement presentation purposes.

Advertising, marketing and public relations expense – UWLC expenses advertising, marketing and public relations costs as incurred. Advertising expense totaled \$70,750 and \$52,115 for the years ended June 30, 2011 and 2010 respectively.

Income taxes – Under the provisions of the Internal Revenue Code Section 501(c)(3) and applicable state law, UWLC has been granted exemption from state and federal income taxes.

Expense allocation – The expenses of UWLC are categorized as either program services or supporting services. Program services include direct and indirect costs related to providing the services and community building activities for which purpose UWLC exists. Supporting services include administration and fundraising activities. Expenses are allocated according to actual time incurred by UWLC employees related to these areas.

United Way of Lane County
Notes to Financial Statements
June 30, 2011

Note 1 - Description of Operations and Summary of Significant Accounting Policies (Continued)

In-kind donations of materials and services – Donated materials and services are reflected as “In-kind support” at their estimated fair values at the date of receipt. Donated materials are comprised of equipment, supplies, and food. Donated services are comprised of professional services as well as television, radio and newspaper advertising and any other services that enhance or create non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Many individuals volunteer their time and perform a variety of tasks that assist UWLC in many areas, including program services, fund raising events and office support, but don’t meet these criteria and are, therefore, not recorded in the financial statements.

UWLC recognized \$94,917 and \$31,983 of in-kind support provided directly to partner agencies and social programs in the community as “*in-kind support for human services system*” for the years ended June 30, 2011 and 2010 respectively, whereas, “*in-kind support*” is considered to be the value of goods and services that UWLC receives to help with community initiatives, activities and events with totals of \$538 and \$8,312 allocated to administration and \$74,705 and \$52,978 to fundraising for the years ended June 30, 2011 and 2010 respectively.

Note 2 – Pledges and Grants Receivable, Net

	June 30,	
	2011	2010
Pledges receivable	\$ 1,482,186	\$ 1,617,328
Less allowance for uncollectible pledges	(216,990)	(273,604)
Net pledges receivable	1,265,196	1,343,724
Grants receivable	65,796	81,020
Other receivables	3,468	4,452
Pledges and grants receivable, net	\$ 1,334,460	\$ 1,429,196

Note 3 – Investments and Fair Value Measurements

UWLC has adopted authoritative accounting guidance on fair value measurements. The guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date. UWLC classifies its investments based upon an established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

**United Way of Lane County
Notes to Financial Statements
June 30, 2011**

Note 3 – Investments and Fair Value Measurements (continued)

The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Quoted prices in active markets for identical assets and liabilities.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

UWLC has segregated all financial assets and liabilities that are measured at fair value on a recurring basis (at least annually) into the most appropriate level within the fair value hierarchy based on inputs used to determine the fair value at the measurement date. The following table discloses the level by fair value hierarchy as of June 30, 2011 and 2010:

Description	Investment assets at fair value as of June 30, 2011			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 117,025	\$ -	\$ 117,025
Beneficial interest in the assets of Oregon Community Foundation	-	421,860	-	421,860
	<u>\$ -</u>	<u>\$ 538,885</u>	<u>\$ -</u>	<u>\$ 538,885</u>

Description	Investment assets at fair value as of June 30, 2010			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 115,504	\$ -	\$ 115,504
Beneficial interest in the assets of Oregon Community Foundation	-	283,983	-	283,983
	<u>\$ -</u>	<u>\$ 399,487</u>	<u>\$ -</u>	<u>\$ 399,487</u>

United Way of Lane County
Notes to Financial Statements
June 30, 2011

Note 4 – Property and Equipment

	June 30,	
	2011	2010
Land	\$ 296,000	\$ 296,000
Building	419,000	419,000
Equipment	234,237	218,564
	949,237	933,564
Less accumulated depreciation	327,611	311,066
	\$ 621,626	\$ 622,498

Note 5 – Line of Credit

On March 21, 2011, UWLC renewed its one-year revolving line of credit agreement with Pacific Continental Bank. The agreement permits borrowing up to \$100,000 at a variable interest rate of prime plus 3.25 percent per annum with a floor of 6.0 percent (6.0 percent as of June 30, 2011). The credit line is secured by substantially all assets of the Organization. As of June 30, 2011 United Way had not drawn funds on this line of credit.

Note 6 – Temporarily Restricted Net Assets

Temporarily restricted net assets consist of:

	June 30,	
	2011	2010
Retired Senior Volunteer Program	\$ 55,062	\$ 46,048
Education	13,838	25,025
Income	13,768	46,381
Health	83,936	296,593
Other	13,852	7,737
Total temporarily restricted net assets	\$ 180,456	\$ 421,784

Note 7 – Retirement Plan

Substantially all full-time employees are covered by a SEP (Simplified Employee Pension), a defined contribution retirement plan. Employer contributions are discretionary and established annually by the board of directors. Employer contributions totaled \$23,795 and \$23,829 for the years ended June 30, 2011 and 2010, respectively and represented 3% respectively of eligible wages for each year.

United Way of Lane County
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Note 8 – Endowment

UWLC’s endowment consists of donor restricted endowment funds. The Board is authorized to determine distributions to be made from endowment funds and has established the long-term policy objective of maintaining the real (after inflation) purchasing power of endowment gifts. The fund allows annual distributions up to 4.5% of the average fair value of the prior 13 quarters.

Authorized distributions (appropriations) are retained as temporarily restricted net assets until disbursement is authorized by UWLC officials consistent with the terms of the gift. Such amounts are then transferred from temporality restricted net assets to unrestricted net assets and the disbursement is reported as a decrease in unrestricted net assets.

Endowment net asset composition by type of fund is as follows:

	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	\$ 1,538	\$ 45,302	\$ 46,840

For the years ended June 30, 2011 and 2010, the following table summarized activity in endowment funds:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets - July 1, 2009	\$ -	\$ -	\$ -
Contributions	-	-	-
Interest and dividends	-	-	-
Investment gains (net)	-	-	-
Expenses	-	-	-
Endowment net assets - June 30, 2010	-	-	-
Contributions	-	45,302	45,302
Interest and dividends	143	-	143
Investment gains (net)	1,579	-	1,579
Expenses	(184)	-	(184)
Endowment net assets - June 30, 2011	\$ 1,538	\$ 45,302	\$ 46,840

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Note 9 – Commitments and Contingencies

Grantor agencies - Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims including amounts already collected, may constitute a liability of the applicable funds. UWLC expects such amounts, if any, to be insignificant.

Deferred benefits – UWLC provides post-employment health insurance benefits to a key employee. The total estimated present value of this benefit, included in accrued liabilities, totaled \$33,456 and \$34,000 at June 30, 2011 and 2010, respectively.

Unemployment reserve - UWLC is self-insured with respect to unemployment compensation and maintains a trust account with a third party administrator. The reserve account balance is included as a prepaid asset. Actual and anticipated claims are evaluated by management and an associated liability, when appropriate, is recorded. The total reserve account asset totaled \$37,115 and \$21,101 at June 30, 2011 and 2010, respectively, and estimated claims outstanding, included in accrued liabilities, totaled \$23,669 and \$18,019 at June 30, 2011 and 2010, respectively.

Operating leases – UWLC has several non-cancelable operating leases, primarily for various forms of equipment that expire at various dates through January 2016. Those leases generally contain renewal options for periods ranging from three to ten years and require UWLC to pay executory costs such as maintenance and insurance. Rental expense for those leases totaled \$14,411 and \$15,146 for the years ended June 30, 2011 and 2010 respectively.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of June 30, 2011 are:

Year ending June 30:	
2012	\$ 16,059
2013	13,890
2014	11,136
2015	9,504
	<hr/>
	\$ 50,589
	<hr/>

Note 10 – Accounting for Uncertain Tax Positions

UWLC adopted the provisions of FASB Accounting Standards Codification (ASC) 740-10, Income Taxes, relating to accounting for uncertain tax positions on July 1, 2009, which had no significant financial statement impact to UWLC. UWLC recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

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Note 10 – Accounting for Uncertain Tax Positions (continued)

UWLC was incorporated and operates in the State of Oregon which recognizes the 501(c)(3) nonprofit status for state tax purposes. UWLC is not aware of any activities which would terminate its tax exempt status. UWLC recognizes interest and penalties related to income tax matters in operating expenses. Management has concluded that there were no uncertain tax positions as of June 30, 2011. Tax year returns for 2008, 2009 and 2010 are open to examination by federal and state tax authorities.

Note 11 – Subsequent Events

UWLC has evaluated subsequent events through October 11, 2011, the date of the auditor's report, which date represents the date the financial statements were available to be issued. There were no subsequent events requiring disclosure in these financial statements.