

UNITED WAY OF JACKSON COUNTY, INC.

FINANCIAL STATEMENTS

Years Ended JUNE 30, 2012 and DECEMBER 31, 2010

and the Six-Month Period Ended JUNE 30, 2011

WITH

INDEPENDENT AUDITORS' REPORT

UNITED WAY OF JACKSON COUNTY, INC.

Years ended June 30, 2012, December 31, 2010 and  
Six-Months ended June 30, 2011

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Certified Public Accountants  
and Business Advisors

Independent Auditors' Report

To the Board of Directors  
United Way of Jackson County, Inc.

We have audited the accompanying statements of financial position of United Way of Jackson County, Inc. (a nonprofit organization) as of June 30, 2012 and June 30, 2011, and the related statements of activities, cash flows and functional expenses for the twelve-month and six-month periods 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 audits. The financial statements of United Way of Jackson County, Inc. as of December 31, 2010, were audited by other auditors whose report dated March 8, 2011, expressed an unqualified opinion on those statements.

We conducted our audits 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 overall accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors 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 Jackson County, Inc. as of June 30, 2012 and June 30, 2011, and the changes in its net assets and its cash flows for the twelve-month and six-month periods then ended in conformity with accounting principles generally accepted in the United States of America.

*Isler Medford, LLC*

Isler Medford, LLC  
Medford, Oregon  
October 10, 2012

United Way of Jackson County, Inc.  
 Statements of Financial Position  
 June 30, 2012, June 30, 2011 and December 31, 2010

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>December 31, 2010</u>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 54,796	\$ 65,344	\$ 114,474
Current portion of pledges receivable, net	257,743	263,052	416,975
Prepaid expenses	637	1,874	4,979
Other receivables	-	-	25,600
Total Current Assets	<u>313,176</u>	<u>330,270</u>	<u>562,028</u>
Property and Equipment, net	<u>22,160</u>	<u>16,479</u>	<u>14,133</u>
<b>Other Assets</b>			
Noncurrent portion of pledges receivable, net	36,609	70,803	79,399
Beneficial interest in funds held by Oregon Community Foundation	427,332	466,133	458,470
Total Other Assets	<u>463,941</u>	<u>536,936</u>	<u>537,869</u>
<b>Total Assets</b>	<u>\$ 799,277</u>	<u>\$ 883,685</u>	<u>\$ 1,114,030</u>
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities	\$ 24,933	\$ 29,762	\$ 2,906
Undesignated allocations payable	28,032	33,759	152,133
Designations payable	82,216	102,964	129,781
Note payable - line of credit	35,000	12,000	52,000
Total liabilities	<u>170,181</u>	<u>178,485</u>	<u>336,820</u>
<b>Net Assets</b>			
Unrestricted	438,928	329,150	261,820
Temporarily restricted	77,052	262,934	402,274
Permanently restricted	113,116	113,116	113,116
Total Net Assets	<u>629,096</u>	<u>705,200</u>	<u>777,210</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 799,277</u>	<u>\$ 883,685</u>	<u>\$ 1,114,030</u>

United Way of Jackson County, Inc.  
Statement of Activities  
For the Year ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues, Gains and Other Support</b>				
Current year campaign contributions	\$ 900,922	\$ -	\$ -	\$ 900,922
Current year campaign contributions restricted by purpose	-	47,965	-	47,965
Current year campaign contributions restricted by time	-	44,084	-	44,084
Total campaign contributions	900,922	92,049	-	992,971
Less allowance for uncollectable pledges	(45,089)	-	-	(45,089)
Less donor designations	(129,702)	-	-	(129,702)
Total campaign revenue	726,131	92,049	-	818,180
Non-campaign revenue	2,529	-	-	2,529
Noncash contributions	53,835	-	-	53,835
Sponsorships for community projects	6,851	-	-	6,851
Change in value of beneficial interest	(19,130)	-	-	(19,130)
Loss on sale of equipment	(700)	-	-	(700)
Net assets released from restrictions	277,931	(277,931)	-	-
Total revenues, gains and other support	1,047,447	(185,882)	-	861,565
<b>Allocations and Expenses</b>				
Functional expenses				
Program services	735,970	-	-	735,970
Management and general	90,001	-	-	90,001
Fundraising	101,465	-	-	101,465
Total functional expenses	927,436	-	-	927,436
Payments to affiliates	10,233	-	-	10,233
Total allocations and expenses	937,669	-	-	937,669
Change in Net Assets	109,778	(185,882)	-	(76,104)
Net Assets at Beginning of Year	329,150	262,934	113,116	705,200
Net Assets at End of Year	\$ 438,928	\$ 77,052	\$ 113,116	\$ 629,096

United Way of Jackson County, Inc.  
Statement of Activities  
For the Six-Months ended June 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues, Gains and Other Support</b>				
Campaign revenue applicable to next allocation period				
Current year campaign contributions	\$ -	\$ 127,186	\$ -	\$ 127,186
Less allowance for uncollectible pledges	-	(13,761)	-	(13,761)
Less donor designations	-	981	-	981
Total campaign revenue applicable to next allocation period	-	114,406	-	114,406
Campaign revenue applicable to current allocation period				
Prior year campaign contributions	93,628	-	-	93,628
Total campaign revenue	93,628	114,406	-	208,034
Non-campaign revenue	4,399	-	-	4,399
Noncash contributions	15,346	-	-	15,346
Sponsorships for community projects	16,194	-	-	16,194
Change in value of beneficial interest	17,771	-	-	17,771
Gain on sale of equipment	500	-	-	500
Net assets released from restrictions	253,746	(253,746)	-	-
Total revenues, gains and other support	401,584	(139,340)	-	262,244
<b>Allocations and Expenses</b>				
Functional expenses				
Program services	220,257	-	-	220,257
Management and general	52,093	-	-	52,093
Fundraising	59,512	-	-	59,512
Total functional expenses	331,862	-	-	331,862
Payments to affiliates	2,392	-	-	2,392
Total allocations and expenses	334,254	-	-	334,254
 Change in Net Assets	 67,330	 (139,340)	 -	 (72,010)
Net Assets at Beginning of Year	261,820	402,274	113,116	777,210
Net Assets at End of Year	\$ 329,150	\$ 262,934	\$ 113,116	\$ 705,200

United Way of Jackson County, Inc.  
Statement of Activities  
For the Year ended December 31, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues, Gains and Other Support</b>				
Campaign revenue applicable to next allocation period				
Current year campaign contributions	\$ -	\$ 694,154	\$ -	\$ 694,154
Less allowance for uncollectible pledges	-	(52,627)	-	(52,627)
Less donor designations	-	(43,989)	-	(43,989)
Total campaign revenue applicable to next allocation period	-	597,538	-	597,538
Campaign revenue applicable to current allocation period				
Prior year campaign contributions	82,410	-	-	82,410
Total campaign revenue	82,410	597,538	-	679,948
Non-campaign revenue	-	3,000	-	3,000
Noncash contributions	28,405	-	-	28,405
Sponsorships for community projects	66,972	-	-	66,972
Change in value of beneficial interest	48,042	-	-	48,042
Net assets released from restrictions	709,395	(709,395)	-	-
Total revenues, gains and other support	935,224	(108,857)	-	826,367
<b>Allocations and Expenses</b>				
Functional expenses				
Program services	678,051	-	-	678,051
Management and general	76,929	-	-	76,929
Fundraising	99,137	-	-	99,137
Total functional expenses	854,117	-	-	854,117
Payments to affiliates	8,637	-	-	8,637
Total allocations and expenses	862,754	-	-	862,754
Change in Net Assets	72,470	(108,857)	-	(36,387)
Net Assets at Beginning of Year	189,350	511,131	113,116	813,597
Net Assets at End of Year	\$ 261,820	\$ 402,274	\$ 113,116	\$ 777,210

See accompanying notes to financial statements

United Way of Jackson County, Inc.  
Statement of Functional Expenses  
For the Year ended June 30, 2012

Expenses	Program Services	Management and General	Fund Raising	Total Expenses
Allocations to agencies	\$ 282,465	\$ -	\$ -	\$ 282,465
Salaries and wages	156,865	56,106	53,832	266,803
Employee benefits	29,311	10,484	10,059	49,854
Payroll taxes	10,879	3,891	3,733	18,503
Retirement plan contribution	4,467	1,598	1,533	7,598
Retirement plan administration	838	300	288	1,426
Professional services	3,256	1,085	1,085	5,426
Awards	570	190	190	950
Bank fees	4,441	1,480	1,481	7,402
Community projects	156,591	1,560	6,419	164,570
Computer consulting fees	486	729	1,215	2,430
Depreciation	2,561	916	879	4,356
Dues and fees	1,345	980	2,642	4,967
Equipment rental	1,859	620	620	3,099
Insurance	1,443	481	481	2,405
Interest expense	568	189	189	946
Meals and travel	6,240	396	2,367	9,003
Miscellaneous	183	61	61	305
Office rent	10,801	3,600	3,600	18,001
Office utilities	2,019	673	673	3,365
Postage	1,427	476	476	2,379
Printing	3,627	1,209	1,209	6,045
Public information	36,629	-	5,851	42,480
Supplies	5,314	1,771	1,771	8,856
Telephone	2,134	711	711	3,556
Training and conference	9,651	495	100	10,246
<b>Total Expenses</b>	<b>\$ 735,970</b>	<b>\$ 90,001</b>	<b>\$ 101,465</b>	<b>\$ 927,436</b>



United Way of Jackson County, Inc.  
Statement of Functional Expenses  
For the Six-Months ended June 30, 2011

Expenses	Program Services	Management and General	Fund Raising	Total Expenses
Allocations to agencies	\$ 41,235	\$ -	\$ -	\$ 41,235
Salaries and wages	68,260	27,926	34,410	130,596
Employee benefits	10,528	4,307	5,307	20,142
Payroll taxes	13,093	5,356	6,600	25,049
Retirement plan contribution	(45)	(18)	(23)	(86)
Retirement plan administration	188	77	95	360
Professional services	9,789	3,263	3,263	16,315
Awards	382	127	127	636
Bank fees	1,652	551	551	2,754
Community projects	54,141	2,830	393	57,364
Computer consulting fees	465	698	1,164	2,327
Depreciation	685	281	345	1,311
Dues and fees	577	260	844	1,681
Equipment rental	932	311	311	1,554
Insurance	729	243	243	1,215
Interest expense	366	122	122	610
Meals and travel	3,573	1,191	1,191	5,955
Miscellaneous	25	8	8	41
Office rent	5,400	1,800	1,800	9,000
Office utilities	992	331	331	1,654
Postage	453	151	151	755
Printing	77	26	26	129
Public information	3,437	1,146	1,146	5,729
Supplies	2,098	699	699	3,496
Telephone	943	314	314	1,571
Training and conference	282	93	94	469
<b>Total Expenses</b>	<b>\$ 220,257</b>	<b>\$ 52,093</b>	<b>\$ 59,512</b>	<b>\$ 331,862</b>

United Way of Jackson County, Inc.  
Statement of Functional Expenses  
For the Year ended December 31, 2010

Expenses	Program Services	Management and General	Fund Raising	Total Expenses
Allocations to agencies	\$ 315,348	\$ -	\$ -	\$ 315,348
Salaries and wages	196,200	36,219	54,344	286,763
Employee benefits	28,268	9,423	9,423	47,114
Payroll taxes	17,696	5,899	5,899	29,494
Retirement plan contribution	5,727	1,909	1,909	9,545
Retirement plan administration	938	313	313	1,564
Professional services	16,639	5,547	5,547	27,733
Awards	664	222	222	1,108
Bank fees	3,940	1,314	1,314	6,568
Community projects	47,315	1,018	5,088	53,421
Computer consulting fees	1,860	620	620	3,100
Depreciation	1,706	569	569	2,844
Dues and fees	495	138	147	780
Equipment rental	1,596	532	532	2,660
Insurance	1,454	485	485	2,424
Interest expense	727	242	242	1,211
Meals and travel	6,110	2,037	2,037	10,184
Miscellaneous	1,937	645	645	3,227
Office rent	10,801	3,600	3,600	18,001
Office utilities	1,652	550	550	2,752
Postage	1,259	419	419	2,097
Printing	2,695	898	898	4,491
Public information	6,248	2,082	2,082	10,412
Supplies	3,608	1,192	1,196	5,996
Telephone	2,288	762	762	3,812
Training and conference	880	294	294	1,468
<b>Total Expenses</b>	<b>\$ 678,051</b>	<b>\$ 76,929</b>	<b>\$ 99,137</b>	<b>\$ 854,117</b>

United Way of Jackson County, Inc.  
Statements of Cash Flows  
Years ended June 30, 2012, December 31, 2010 and Six-Months ended June 30, 2011

	Year Ended <u>June 30, 2012</u>	Six-Months Ended <u>June 30, 2011</u>	Year Ended <u>December 31, 2010</u>
<b>Cash Flows from Operating Activities</b>			
Change in net assets	\$ (76,104)	\$ (72,010)	(36,387)
Adjustments to reconcile change in net assets to net cash used by operating activities			
Change in value of beneficial interest	19,130	(17,771)	(48,042)
Noncash contributions	(53,835)	(15,346)	(28,405)
Noncash expenses	53,835	15,346	28,405
Depreciation	4,356	1,311	2,844
Allowance for uncollectible pledges	(19,335)	(50,078)	8,952
Discount for multi-year receivables	(1,235)	(3,040)	(1,026)
Loss (gain) on disposal of assets	700	(500)	-
(Increase) decrease in operating assets			
Pledges receivable	60,074	215,636	58,681
Other receivables	-	25,600	(25,330)
Prepaid expenses	1,237	3,104	(171)
Increase (decrease) in operating liabilities			
Accounts payable and accrued liabilities	(4,828)	26,855	(16,595)
Undesignated allocations payable	(5,728)	(118,374)	(41,791)
Designations payable	(20,748)	(26,817)	(26,243)
Net cash used by operating activities	<u>(42,481)</u>	<u>(16,083)</u>	<u>(125,108)</u>
<b>Cash Flows from Investing Activities</b>			
Distributions from funds held by OCF	19,671	10,108	21,280
Proceeds from sale of assets	122	500	-
Purchase of office equipment	(10,860)	(3,655)	(567)
Net cash provided by investing activities	<u>8,933</u>	<u>6,953</u>	<u>20,713</u>
<b>Cash Flows from Financing Activities</b>			
Advance from line of credit	35,000	-	52,000
Payments on line of credit	(12,000)	(40,000)	-
Net cash provided (used) by investing activities	<u>23,000</u>	<u>(40,000)</u>	<u>52,000</u>
Net (Decrease) in Cash and Cash Equivalents	(10,548)	(49,130)	(52,395)
Cash and Cash Equivalents at Beginning of Year	<u>65,344</u>	<u>114,474</u>	<u>166,869</u>
Cash and Cash Equivalents at End of Year	<u>\$ 54,796</u>	<u>\$ 65,344</u>	<u>\$ 114,474</u>
<b>Supplemental Disclosures:</b>			
Cash paid for interest	<u>\$ 946</u>	<u>\$ 610</u>	<u>\$ 1,211</u>

See accompanying notes to financial statements

United Way of Jackson County, Inc.  
Notes to Financial Statements  
June 30, 2012 and 2011 and December 31, 2010

Note 1– Summary of Significant Accounting Policies

Nature of Operations

The United Way of Jackson County, Inc. (the Organization) was formed and organized in the State of Oregon to operate as a not-for-profit entity under Internal Revenue Code Section 501(c)(3). The Organization's primary objective is to mobilize caring to effect change via promoting volunteerism, community philanthropy, and community building. The Organization engages in fundraising activities and allocates the contributed funds to other not-for-profit organizations and for community building programs. Substantially all of the Organization's revenues are derived from fundraising contributions in the local geographic area.

The United Way administers a fundraising campaign to collect donations for charitable organizations. The United Way has a donor choice program that allows donors to designate to a United Way member agency, to another non-affiliated tax-exempt agency, or to both. The United Way also allows donors to designate to broadly defined areas of service.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Change in Accounting Period

In 2011 United Way changed its accounting period from a December 31 calendar year end to June 30 to correspond with its annual fundraising campaign cycle. The resulting six-month period is reflected in these financial statements. In addition, the June 30, 2012 statement of activities has changed to reflect current year contributions without allocations between current and next periods.

Basis of Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board Accounting Standards Codification 958-205, *Not-for-Profit Entities – Presentation of Financial Statements*. Under FASB ASC 958-205, 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.

Use of Estimates

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

Cash and Cash Equivalents

The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Property and Equipment

The Organization records purchased property and equipment at cost. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restriction regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations

United Way of Jackson County, Inc.  
Notes to Financial Statements  
June 30, 2012 and 2011 and December 31, 2010

Note 1 – Summary of Significant Accounting Policies (continued)

Property and Equipment (continued)

regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Property and equipment is depreciated using the straight-line method over estimated useful lives of three to ten years. Acquisitions of property and equipment in excess of \$2,000 and with a useful life of three years or more are capitalized.

Custodial Funds

As the contracted agent in the Combined Federal Campaign, the organization is required to maintain a separate checking account for campaign funds. The Organization conducted its last campaign for the Combined Federal Campaign in the fall of 2009 and final payments were made in 2012. The account was closed prior to June 30, 2012. At June 30, 2011 and December 31, 2010 the account had balances of \$15,689 and \$11,261 respectively. The operations of the campaign are included in these financial statements.

Contributions

In accordance with FASB ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net asset, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. When restrictions are fulfilled in the same fiscal year in which the contribution is received, the contribution is reported as unrestricted.

Promises to Give

Unconditional promises to give, less an allowance for uncollectible amounts, are recognized as pledge revenues in the period the promise is made and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The allowance for uncollectible pledges is an estimate based on management's knowledge of historical pledge collection rates. The allowance for the current year campaign is calculated as a percentage of pledged revenue generated by the campaign. In addition, an allowance for prior year campaign pledges not collected is made based on management's knowledge of the unpaid amounts. The combined current and prior year allowance amounts result in an allowance of 14.7, 16.9 and 19.9 percent of uncollected pledges at June 30, 2012 and 2011 and December 31, 2010, respectively.

Donated Materials and Services

Donated materials are reflected in the financial statements as contributions at their estimated value at date of receipt.

United Way of Jackson County, Inc.  
Notes to Financial Statements  
June 30, 2012 and 2011 and December 31, 2010

Note 1– Summary of Significant Accounting Policies (continued)

Donated Materials and Services (continued)

In accordance with FASB ASC 958-605, the Organization records a contribution for services provided by professionals with specialized skills that the Organization would need to purchase if the services were not contributed. Noncash contributions reported in the statement of activities for the year ended December 31, 2010 include contributed audit services of \$2,000. In addition, noncash contributions reported in the statement of activities for the periods ending June 30, 2012 and 2011 and December 31, 2010 include contributed computer consulting services of \$406, \$440 and \$455, respectively; and contributed cleaning services of \$900, \$300 and \$1,200, respectively; and contributed promotional materials development and management consultation of \$4,400, \$0, and \$2,000, respectively.

A substantial number of volunteers have donated significant amounts of time in the United Way's program services and in its fundraising campaign. The financial statements do not reflect the value of those contributed services because the criteria for recognition of such volunteer effort under FASB ASC 958-605 have not been satisfied.

Designations Payable and Undesignated Allocations Payable

The Organization conducts annual fundraising campaigns from September through December. When a donor makes a contribution to the United Way and designates a named charity, those contributions are recorded by the Organization as designations payable. The designated donation is then reduced by a pledge loss allowance of 8 percent, and a rolling three year average of management and fundraising fees on a percentage basis. The designations payable are generally disbursed quarterly in July, October, January and April to recipient charities. The Organization honors designations to charities by distributing a proportionate share of recipients based on donor designations.

Contributions to the United Way community fund or an area of service are allocated among approved programs. The budget for the total allocable amount is determined using the current campaign collections and pledges less designations, a pledge loss allowance, specific agency related expenses, and operating expenses. Volunteers then make recommendations to the Board for amounts to be allocated to programs. Allocation award and agreement letters are sent to the programs, generally in May. Allocations to programs are recorded as an allocation payable as of July 1 following the campaign year. Allocations payable to programs are generally disbursed monthly beginning in July.

Fair Value Measurements

The Organization follows the requirements of FASB ASC 820, *Fair Value Measurements and Disclosures* and measures and reports the fair value of certain assets and liabilities using Level 1, 2, and 3 inputs. Level 1 inputs represent fair values obtained using quoted prices in active markets. Level 2 inputs represent fair values obtained from observable market data but not from quoted market prices. Level 3 inputs represent unobservable inputs and include situations where there is little, if any, market activity for the asset.

The following methods and assumptions were used to estimate the value of each class of financial instrument for which it is practicable to estimate that value.

United Way of Jackson County, Inc.  
Notes to Financial Statements  
June 30, 2012 and 2011 and December 31, 2010

Note 1 – Summary of Significant Accounting Policies (continued)

Fair Value Measurements (continued)

Pledges receivable: The Organization has reported current pledges receivable at their carrying values due to their short maturities. This measurement standard is a Level 1 input. The Organization estimates the fair value of unconditional promises to give expected to be received in one to five years by discounting future cash flows of the pledges. This measurement standard is Level 2 input.

Beneficial interest in funds held by OCF: The Organization does not have access to any existing markets in which the beneficial interest in funds held by OCF can be bought or sold. Instead, the Organization has used significant unobservable inputs in estimating the fair value. This measurement standard is a Level 3 input.

A table of fair values measured on a recurring basis follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets - June 30, 2012				
Pledges receivable	\$ 257,743	\$ 257,743	\$ -	\$ -
Noncurrent pledges	36,609	-	36,609	-
Beneficial interest of OCF	427,332	-	-	427,332
Total assets	<u>\$ 776,480</u>	<u>\$ 257,743</u>	<u>\$ 36,609</u>	<u>\$ 427,332</u>
Financial assets - June 30, 2011				
Pledges receivable	\$ 263,052	\$ 263,052	\$ -	\$ -
Noncurrent pledges	70,803	-	70,803	-
Beneficial interest of OCF	466,133	-	-	466,133
Total assets	<u>\$ 799,988</u>	<u>\$ 263,052</u>	<u>\$ 70,803</u>	<u>\$ 466,133</u>
Financial assets - December 31, 2010				
Pledges receivable	\$ 416,975	\$ 416,975	\$ -	\$ -
Noncurrent pledges	79,399	-	79,399	-
Beneficial interest of OCF	458,470	-	-	458,470
Total assets	<u>\$ 954,844</u>	<u>\$ 416,975</u>	<u>\$ 79,399</u>	<u>\$ 458,470</u>

United Way of Jackson County, Inc.  
Notes to Financial Statements  
June 30, 2012 and 2011 and December 31, 2010

Note 1 – Summary of Significant Accounting Policies (continued)

Tax Status

The United Way of Jackson County, Inc. is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. Therefore no provision for income taxes is necessary. In addition, the United Way has been classified by the Internal Revenue Service as an organization that is not a private foundation as defined in Section 509(a) of the Code and qualifies for deductible contributions as provided in Section 170(b)(1).

As of June 30, 2012 and 2011 and December 31, 2010 the Organization has determined that it has no uncertain tax positions requiring accrual and disclosure under FASB ASC 740-10-50.

Subsequent Events

Management has evaluated subsequent events through October 10, 2012, the date which the financial statements were available for issue. No subsequent events were identified for disclosure.

Note 2 – Office Rent

The Organization entered into a lease agreement with Providence Health and Services for new office space as of January 1, 2010. The lease agreement term is for three years with a base rent of one dollar annually. The Organization recognized total rent expense of \$18,001 and rent-in-kind contributions of \$18,000 during the years ended June 30, 2012 and December 31, 2010. For the period ended June 30, 2011, the Organization recognized total rent expense of \$9,000 and rent-in-kind contributions of \$9,000.

Note 3 – Related Party Transactions

The Organization entered into a professional services agreement with a member of the Board of Directors. During the periods ended June 30, 2012 and 2011 and December 31, 2010, expenditures for development of promotional materials and management consultations totaled \$11,400, \$3,800 and \$7,700, respectively.

Note 4 – Property and Equipment

The following is a summary of property and equipment, less accumulated depreciation at June 30, 2012, June 30, 2011 and December 31, 2010:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>Dec 31, 2010</u>
Office furniture and equipment	\$ 29,643	\$ 58,100	\$ 54,445
Leasehold improvements and carpeting	10,402	10,402	10,402
Accumulated depreciation	<u>(17,885)</u>	<u>(52,023)</u>	<u>(50,714)</u>
Net property and equipment	<u>\$ 22,160</u>	<u>\$ 16,479</u>	<u>\$ 14,133</u>

Depreciation expense charged to operations for the periods ended June 30, 2012 and 2011 and December 31, 2010 was \$4,356, \$1,311 and \$2,844, respectively.



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Note 5 – Pledges Receivable

Pledges receivable include the following unconditional promises to give as of the period ending:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>Dec 31, 2010</u>
Prior-Year Campaign	\$ -	\$ -	\$ 89,245
Current-Year Campaign	<u>302,081</u>	<u>322,621</u>	<u>441,481</u>
Unconditional pledges receivable due in less than one year	302,081	322,621	530,726
Less allowance for uncollectible pledges	<u>(44,338)</u>	<u>(59,569)</u>	<u>(113,751)</u>
Net pledges receivable due in less than one year	<u>\$ 257,743</u>	<u>\$ 263,052</u>	<u>\$ 416,975</u>
Pledges due in one to five years	39,915	75,345	86,980
Less Allowance for uncollectible pledges	(3,193)	(4,108)	(6,958)
Less present value discount of long-term pledges	<u>(113)</u>	<u>(434)</u>	<u>(623)</u>
Net Pledges receivable due in one to five years	<u>\$ 36,609</u>	<u>\$ 70,803</u>	<u>\$ 79,399</u>

The present value discount of long-term pledges was calculated using discount rates ranging from .21 to .41 percent at June 30, 2012 and ranging from 0.29 to 2.01 percent at June 30, 2011 and December 31, 2010.

Note 6 – Designations Payable and Undesignated Allocations Payable

Designations payable and undesignated allocations payable consist of donor designated contributions and United Way allocations to agencies as of June 30, 2012, June 30, 2011 and December 31, 2010 as follows:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>Dec 31, 2010</u>
Donor designations from prior year campaign	\$ 17,347	\$ 31,556	\$ 63,265
Donor designations from current year campaign	<u>64,869</u>	<u>71,407</u>	<u>66,516</u>
Total designations payable	<u>\$ 82,216</u>	<u>\$ 102,964</u>	<u>\$ 129,781</u>
Undesignated allocations payable to member agencies from prior year campaign	<u>\$ 28,032</u>	<u>\$ 33,759</u>	<u>\$ 152,133</u>
Total designations payable and Undesignated allocations payable	<u>\$ 110,248</u>	<u>\$ 136,723</u>	<u>\$ 281,914</u>

Note 7 – Line of Credit

The Organization maintains an unsecured line of credit in the approved amount of \$82,000 with Key Bank National Association. Under the terms of the loan agreement, the outstanding balance of the line payable upon demand of the lender and the Organization is required to make monthly payments of interest.

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Note 7 – Line of Credit (continued)

Interest on the outstanding balance is computed at 1.5 percent above the prime rate published in the Wall Street Journal. At June 30, 2012, June 30, 2011 and December 31, 2010 the interest rate was 4.75, 4.75 and 4.75 percent, respectively. The line of credit has no maturity date and can be terminated by the lender at any time. The outstanding balance on the line of credit at June 30, 2012, June 30, 2011 and December 31, 2010 was \$35,000, \$12,000 and \$52,000, respectively.

Note 8 – Beneficial Interest in Funds Held by Oregon Community Foundation

The Oregon Community Foundation (OCF) administers the endowment fund for the benefit of the United Way, under OCF's Endowment Partners Program. The United Way of Jackson County Endowment Fund is a component fund of the Oregon Community Foundation. Under terms of the agreement dated May 27, 1992 between OCF and the United Way, OCF has the authority to modify restrictions and conditions of the fund agreement under certain circumstances, without the approval of the United Way. This authority is referred to as variance power. United Way has a beneficial interest in funds held by OCF, as United Way doesn't own the account, but instead is the beneficiary.

According to the agreement, OCF distributes an appropriate percentage, as determined by OCF, of the fair market value of the fund, at least annually, under its grant percentage payout policy for permanent funds. The United Way transfers contributions to the endowment fund held by OCF as endowment contributions are received. For the periods ended June 30, 2012, June 30, 2011 and December 31, 2010, there were no new endowment contributions.

The value of the United Way of Jackson County Endowment Fund at OCF at June 30, 2012, June 30, 2011 and December 31, 2010 was \$427,332, \$466,133 and \$458,470, respectively. The values are stated at the endowment fund balances as reported to the United Way by OCF. Because the Organization's asset is the beneficial interest itself and not the underlying assets which are owned by OCF, the Organization is required by FASB ASC 820 to use significant unobservable inputs in estimating fair value of the beneficial interest. This is a Level 3 input according to FASB ASC 820.

The fair value of the Organization's beneficial interest in funds held by OCF is summarized as follows at June 30, 2012, June 30, 2011 and December 31, 2010:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>Dec 31, 2010</u>
Beneficial interest in funds held by OCF			
Balance at beginning of period	\$ 466,133	\$ 458,470	\$ 431,708
Interest and dividends	6,255	1,505	4,849
Net realized and unrealized gains (losses)	(21,554)	18,271	46,636
Investment and management fees	<u>(3,831)</u>	<u>(2,005)</u>	<u>(3,443)</u>
Change in value of beneficial interest	(19,130)	17,771	48,042
Distributions from funds held by OCF	<u>(19,671)</u>	<u>(10,108)</u>	<u>(21,280)</u>
Balance at end of period	<u>\$ 427,332</u>	<u>\$ 466,133</u>	<u>\$ 458,470</u>

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Note 9 – Endowment Fund

The Board of Directors has interpreted the Oregon enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the permanent preservation of the historic dollar value of gifts to the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the United Way classifies the original value of gifts to the endowment as permanently restricted net assets.

The Board of Directors established the Oregon Community Foundation endowment fund by transferring all of the permanently restricted net assets held by the United Way. The United Way continues to transfer permanently restricted contributions to the OCF endowment fund as contributions are received. As described in Note 8, OCF reserves the right to exercise variance powers by modifying restrictions or conditions on distributions of the amounts held. Since the United Way does not control these funds, the Board of Directors has not enacted investment or spending (appropriation) policies to govern the endowment fund.

Note 10 – Retirement Plan

The Organization maintains a defined contribution retirement plan covering all employees who are at least 21 years of age. There is no minimum service requirement for employees to receive employer contributions under the plan. Individual participant accounts vest according to the number of years of service credited to each participant. In April 2010 the Board of Directors approved budget adjustments reducing the employer contributions to the pension plan from 6 percent to 3 percent of compensation paid monthly, effective March 1, 2010. Because of the vesting schedule, an employee who left the Organization's employ forfeited a portion of their employer contribution in the fall of 2010, which was then applied as credit to the employer contribution in the calendar year 2011, and resulted in a credit balance at June 30, 2011. During the periods ended June 30, 2012, June 30, 2011 and December 31, 2010, contributions to the plan totaled \$7,598, (\$86) and \$9,545, respectively.

Note 11 – Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors as follows for the periods ended as follows:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>Dec 31, 2010</u>
Prior year campaign revenue for the use in the current year, net of donor designations and an allowance for uncollectible pledges	\$ 132,331	\$ 176,269	\$ 632,358
Women Living Leadership project	50,304	41,735	49,829
Jackson County Meth Test Force Review Grant	-	-	1,165
HOPE Chest grants	50,640	-	26,043
Jackson County Child Abuse Network	36,691	35,742	-
CASH Jackson County	<u>7,965</u>	<u>-</u>	<u>-</u>
Total net assets released from restrictions	<u>\$ 277,931</u>	<u>\$ 253,746</u>	<u>\$ 709,395</u>

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Note 12 – Restrictions on Net Assets

Temporarily restricted net assets at June 30, 2012, June 30, 2011 and December 31, 2010 are available for the following purposes:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>Dec 31, 2010</u>
Pledges received from the current campaign for use in future period, net of donor designations and allowance for uncollectible pledges	\$ 5,777	\$ 132,331	\$ 253,082
Women Living Leadership project	17,379	29,376	67,223
211 program	15,000	15,000	-
HOPE Chest grants	16,329	46,969	6,969
Jackson County Child Abuse Network	17,567	39,258	75,000
CASH Jackson County	<u>5,000</u>	<u>-</u>	<u>-</u>
Total temporarily restricted net assets	<u>\$ 77,052</u>	<u>\$ 262,934</u>	<u>\$ 402,274</u>

Note 12 – Restrictions on Net Assets (continued)

Permanently restricted net assets are restricted by donors to investments in perpetuity. The income from the assets can be used to support the Organization's general activities, therefore all the income and expenses of the endowment fund are classified as unrestricted. Permanently restricted net assets as of June 30, 2012, June 30, 2011 and December 31, 2010 consist of the following:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>Dec 31, 2010</u>
Geraldine Taylor Estate	\$ 93,136	\$ 93,136	\$ 93,136
Albert Relei and Wilson Anderson Memorial	1,000	1,000	1,000
Campaign contributions specified for endowment	<u>18,980</u>	<u>18,980</u>	<u>18,980</u>
Total permanently restricted net assets	<u>\$ 113,116</u>	<u>\$ 113,116</u>	<u>\$ 113,116</u>