

**UNITED WAY OF THURSTON COUNTY**

Audited Financial Statements

June 30, 2008 and 2007

**UNITED WAY OF THURSTON COUNTY**

Audited Financial Statements

June 30, 2008 and 2007

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## Independent Auditor's Report

To the Board of Directors  
United Way of Thurston County  
Olympia, Washington

We have audited the accompanying statement of financial position of United Way of Thurston County (a nonprofit organization) as of June 30, 2008, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of United Way of Thurston County's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of United Way of Thurston County as of June 30, 2007 were audited by other auditors whose report dated January 11, 2008 expressed an unqualified opinion on those 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 2008 financial statements referred to above present fairly, in all material respects, the financial position of United Way of Thurston County as of June 30, 2008 and the changes in its net assets and cash flows for the year then ended in conformity with accounting standards generally accepted in the United States of America.

**JOHNSON, STONE & PAGANO, P.S.**

January 15, 2009

**AUDITED FINANCIAL STATEMENTS**

**UNITED WAY OF THURSTON COUNTY**

**STATEMENTS OF FINANCIAL POSITION**

June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 476,043	\$ 427,710
Certificates of deposit	275,801	279,681
Campaign pledges receivable:		
2007/2008 Campaign, net of allowance of \$90,293	466,709	
2006/2007 Campaign, net of allowance of \$86,892		457,875
Other receivables	13,883	11,305
Prepaid expenses		6,730
Other assets	2,500	
Property and equipment - net	24,209	3,894
Community Foundation Endowment	<u>155,717</u>	<u>3,000</u>
<b>Total Assets</b>	<b>\$ <u>1,414,862</u></b>	<b>\$ <u>1,190,195</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Accounts payable and accrued expenses	\$ 33,566	\$ 27,543
Payable to ELOA		46,742
Due to designated agencies	<u>213,089</u>	<u>311,790</u>
<b>Total Liabilities</b>	246,655	386,075
<b>NET ASSETS</b>		
Unrestricted:		
Undesignated	512,280	215,450
Board designated reserve	<u>150,000</u>	<u>96,286</u>
<b>Total Unrestricted Net Assets</b>	662,280	311,736
Temporarily restricted	495,402	489,384
Permanently restricted	<u>10,525</u>	<u>3,000</u>
<b>Total Net Assets</b>	<b><u>1,168,207</u></b>	<b><u>804,120</u></b>
<b>Total Liabilities and Net Assets</b>	<b>\$ <u>1,414,862</u></b>	<b>\$ <u>1,190,195</u></b>

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

**UNITED WAY OF THURSTON COUNTY**

**STATEMENTS OF ACTIVITIES**

Year Ended June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUE AND OTHER SUPPORT</b>				
Current campaign:				
Contributions received in current period	\$ 861,126	\$ 466,709		\$ 1,327,835
Less donor designations	(329,872)			(329,872)
Less provision for uncollectibles	<u>(90,293)</u>	<u>          </u>		<u>(90,293)</u>
<b>Net Current Campaign Revenues</b>	440,961	466,709		907,670
Old campaign:				
Contributions received in current period	53,273			53,273
Contributions received in prior period (released from restrictions)	<u>478,821</u>	<u>(478,821)</u>		<u>          </u>
<b>Net Old Campaign Revenues</b>	532,094	(478,821)		53,273
Campaign revenue received for next allocation period	<u>          </u>	<u>18,130</u>		<u>18,130</u>
<b>Total Contributions</b>	973,055	6,018		979,073
Grants and contracts	55,330			55,330
Special events	38,295			38,295
Other contributions	286,000		\$ 7,525	293,525
Service fees	36,362			36,362
Rental income	250			250
Investment income	24,947			24,947
In-kind revenue	47,491			47,491
Miscellaneous revenue	<u>25</u>	<u>          </u>	<u>          </u>	<u>25</u>
<b>Total Revenues and Other Support</b>	1,461,755	6,018	7,525	1,475,298

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

**UNITED WAY OF THURSTON COUNTY**

STATEMENTS OF ACTIVITIES (Continued)

Year Ended June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>EXPENSES</b>				
Program services				
Gross funds awarded/distributed	\$ 816,972			\$ 816,972
Less donor designations	<u>(329,872)</u>			<u>(329,872)</u>
<b>Net Funds Awarded/Distributed</b>	487,100			487,100
Community Services	<u>281,282</u>			<u>281,282</u>
<b>Total Program Services</b>	768,382			768,382
Supporting services				
Fundraising	143,360			143,360
Organization administration	186,990			186,990
United Way of America dues	<u>12,479</u>			<u>12,479</u>
<b>Total Supporting Services</b>	<u>342,829</u>			<u>342,829</u>
<b>Total Expenses</b>	<u>1,111,211</u>			<u>1,111,211</u>
<b>Changes in Net Assets</b>	350,544	\$ 6,018	\$ 7,525	364,087
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>311,736</u>	<u>489,384</u>	<u>3,000</u>	<u>804,120</u>
<b>Net Assets at End of Year</b>	\$ <u>662,280</u>	\$ <u>495,402</u>	\$ <u>10,525</u>	\$ <u>1,168,207</u>

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

**UNITED WAY OF THURSTON COUNTY**

STATEMENTS OF ACTIVITIES (Continued)

Year Ended June 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUE AND OTHER SUPPORT</b>				
Current campaign:				
Contributions received in current period	\$ 769,926	\$ 478,821		\$ 1,248,747
Less donor designations	(333,397)			(333,397)
Less provision for uncollectibles	<u>(86,892)</u>	<u>          </u>		<u>(86,892)</u>
<b>Net Current Campaign Revenues</b>	349,637	478,821		828,458
Old campaign:				
Contributions received in current period	16,513			16,513
Contributions received in prior period (released from restrictions)	546,628	(546,628)		
Less provision for uncollectibles	<u>(3,749)</u>	<u>          </u>		<u>(3,749)</u>
<b>Net Old Campaign Revenues</b>	<u>559,392</u>	<u>(546,628)</u>		<u>12,764</u>
<b>Total Contributions</b>	909,029	(67,807)		841,222
Grants and contracts	441,496	41,510		483,006
Special events	26,976			26,976
Other contributions	161,449			161,449
Service fees	32,111			32,111
Rental income	3,000			3,000
Investment income	19,850		\$ 96	19,946
Administration fees	2,450			2,450
In-kind revenue	45,417			45,417
Miscellaneous revenue	792			792
Net assets released from restrictions	<u>41,324</u>	<u>(41,510)</u>	<u>186</u>	<u>          </u>
<b>Total Revenues and Other Support</b>	<u>1,683,894</u>	<u>(67,807)</u>	<u>282</u>	<u>1,616,369</u>

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

**UNITED WAY OF THURSTON COUNTY**

STATEMENTS OF ACTIVITIES (Continued)

Year Ended June 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>EXPENSES</b>				
Program services				
Gross funds awarded/distributed	\$ 846,516			\$ 846,516
Less donor designations	<u>(333,397)</u>			<u>(333,397)</u>
<b>Net Funds Awarded/Distributed</b>	513,119			513,119
Community Services	<u>608,750</u>			<u>608,750</u>
<b>Total Program Services</b>	1,121,869			1,121,869
Supporting services				
Fundraising	131,391			131,391
Organization administration	156,165			156,165
United Way of America dues	<u>11,417</u>			<u>11,417</u>
<b>Total Supporting Services</b>	<u>298,973</u>			<u>298,973</u>
<b>Total Expenses</b>	<u>1,420,842</u>			<u>1,420,842</u>
<b>Changes in Net Assets</b>	263,052	\$ (67,807)	\$ 282	195,527
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>48,684</u>	<u>557,191</u>	<u>2,718</u>	<u>608,593</u>
<b>Net Assets at End of Year</b>	\$ <u>311,736</u>	\$ <u>489,384</u>	\$ <u>3,000</u>	\$ <u>804,120</u>

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

**UNITED WAY OF THURSTON COUNTY**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

Year Ended June 30, 2008

	<u>Program Services</u>		<u>Supporting Services</u>			<u>Combined Total</u>	
	<u>Distributions</u>	<u>Community Services</u>	<u>Fundraising</u>	<u>Organization Administration</u>	<u>UWA Dues</u>		<u>Total Supporting Services</u>
Salaries, payroll tax and benefits		\$ 149,860	\$ 100,825	\$ 123,423		\$ 224,248	\$ 374,108
Professional fees				25,700		25,700	25,700
Meetings and events		17,510	4,076	4,001		8,077	25,587
Office expenses		4,998	4,084	5,037		9,121	14,119
Computer expense		1,912	1,562	2,215		3,777	5,689
Postage and printing		8,465	5,037	5,218		10,255	18,720
Occupancy		11,021	9,003	11,021		20,024	31,045
Insurance		737	603	737		1,340	2,077
Miscellaneous		2,304	2,496	2,356		4,852	7,156
Advertising		42,053					42,053
Contracted services		20,967	5,460	562		6,022	26,989
Marketing		12,556	2,181			2,181	14,737
Auto expense		1,473	2,968	957		3,925	5,398
Supplies		4,156	2,264	2,531		4,795	8,951
Staff and board development		1,217	1,123	1,178		2,301	3,518
Membership dues		852	696	853	\$ 12,479	14,028	14,880
Distributions	\$ <u>487,100</u>						<u>487,100</u>
<b>Total Functional Expenses before Depreciation</b>	487,100	280,081	142,378	185,789	12,479	340,646	1,107,827
Depreciation		<u>1,201</u>	<u>982</u>	<u>1,201</u>		<u>2,183</u>	<u>3,384</u>
<b>Total Functional Expenses</b>	\$ <u>487,100</u>	\$ <u>281,282</u>	\$ <u>143,360</u>	\$ <u>186,990</u>	\$ <u>12,479</u>	\$ <u>342,829</u>	\$ <u>1,111,211</u>

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

**UNITED WAY OF THURSTON COUNTY**

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

Year Ended June 30, 2007

	<u>Program Services</u>		<u>Supporting Services</u>			<u>Combined Total</u>
	<u>Distributions</u>	<u>Community Services</u>	<u>Fundraising</u>	<u>Organization Administration</u>	<u>UWA Dues</u>	
Salaries, payroll tax and benefits		\$ 103,110	\$ 82,333	\$ 101,977		\$ 287,420
Professional fees				16,625		16,625
Meetings and events		12,206	560	280		13,046
Office expenses		2,143	1,518	1,885		5,546
Computer expense		2,536	2,020	2,507		7,063
Postage and printing		10,422	3,300	3,717		17,439
Occupancy		11,644	8,943	11,100		31,687
Insurance		1,170	933	1,157		3,260
Miscellaneous		4,593	3,980	4,551		13,124
Advertising		39,325				39,325
Contracted services		404,888	5,927	4,325		415,140
Marketing		8,972	9,607	2,255		20,834
Auto expense		1,052	1,437	663		3,152
Supplies		2,995	1,574	1,625		6,194
Staff and board development		1,169	6,906	1,239		9,314
Membership dues		1,133	1,244	883	\$ 11,417	14,677
Distributions	\$ <u>513,119</u>					<u>513,119</u>
<b>Total Functional Expenses before Depreciation</b>	513,119	607,358	130,282	154,789	11,417	1,416,965
Depreciation		<u>1,392</u>	<u>1,109</u>	<u>1,376</u>		<u>3,877</u>
<b>Total Functional Expenses</b>	\$ <u>513,119</u>	\$ <u>608,750</u>	\$ <u>131,391</u>	\$ <u>156,165</u>	\$ <u>11,417</u>	\$ <u>1,420,842</u>

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

**UNITED WAY OF THURSTON COUNTY**

**STATEMENTS OF CASH FLOWS**

Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from various donors for:		
Annual campaign	\$ 1,300,111	\$ 1,188,246
Grants and contracts	55,330	543,807
Special events	38,295	32,057
Other contributions	290,947	161,449
Cash received from:		
Investment income	29,755	20,418
Service fees	36,362	32,111
Administration fees		2,450
Miscellaneous revenue	25	674
Rental income	250	2,750
Cash payment for:		
Allocations and grants	(533,842)	(513,119)
Designated agencies	(428,573)	(276,652)
Employees and suppliers	<u>(564,662)</u>	<u>(857,535)</u>
<b>Net Cash Provided by Operating Activities</b>	223,998	336,656
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Maturities of certificates of deposit	180,105	173,197
Purchase of certificates of deposit	(176,224)	(279,681)
Community Foundation Endowment	(157,525)	(3,000)
Purchase of property and equipment	<u>(22,021)</u>	<u>(1,269)</u>
<b>Cash Used in Investing Activities</b>	<u>(175,665)</u>	<u>(110,753)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	48,333	225,903
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>427,710</u>	<u>201,807</u>
<b>Cash and Cash Equivalents at End of Year</b>	\$ <u>476,043</u>	\$ <u>427,710</u>

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

**UNITED WAY OF THURSTON COUNTY**

**STATEMENTS OF CASH FLOWS (Continued)**

Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 364,087	\$ 195,527
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,384	3,877
Allowance for uncollectibles	4,529	8,487
Loss on disposal of equipment	371	
Loss on investments	4,808	
In-kind donations of equipment	(2,050)	
Other assets	(2,500)	
(Increase) decrease operating assets:		
Pledges receivable	(13,363)	(4,849)
Other receivables	(2,578)	29,312
Prepaid expenses	6,730	(4,839)
Increase (decrease) operating liabilities:		
Accounts payable and accrued expenses	6,023	5,654
Payable to ELOA	(46,742)	46,742
Due to designated agencies	<u>(98,701)</u>	<u>56,745</u>
<b>Net Cash Provided by Operating Activities</b>	<b>\$ <u>223,998</u></b>	<b>\$ <u>336,656</u></b>

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

## **UNITED WAY OF THURSTON COUNTY**

### **NOTES TO FINANCIAL STATEMENTS**

June 30, 2008 and 2007

#### **NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

##### ***Nature of Activities***

United Way of Thurston County (United Way) is a nonprofit organization organized under the laws of the State of Washington and the Internal Revenue Code, Section 501(c)(3). United Way's mission is to strengthen the community by connecting people and resources to meet identified human needs.

United Way strengthens the lives of people, from children to seniors, through partnerships, programs and community initiatives that deliver tangible results. It focuses its resources on four specific areas of impact:

- Helping Kids Succeed
- Meeting Basic Needs
- Promoting Self-Sufficiency
- Supporting Health and Wellness

A summary of United Way's significant accounting policies follows:

##### ***Basis of Presentation***

The financial statements present United Way's financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

##### ***Cash and Cash Equivalents***

For purposes of the statements of cash flows, United Way considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents consist of checking, savings and money market accounts.

##### ***Campaign Pledges and Designations***

An annual fundraising campaign is conducted each fall to obtain donations and pledges to fund the subsequent year's operations. Accordingly, a receivable is recorded at year-end for outstanding campaign pledges with an allowance for amounts estimated to be uncollectible. Substantially all of the pledges receivable at June 30, 2008 and 2007 are from corporations and individuals.

Community-wide care donations and pledges are recorded as temporarily restricted revenues in the campaign year and released into unrestricted net assets as time restrictions are satisfied in the subsequent year. Donor designated pledges are accounted for as a liability until disbursed to the designated agency. Those amounts are not accounted for as revenue by United Way but are reported as part of Campaign Results from which the amounts are then deducted to arrive at Campaign Revenue.

Provision for uncollectible pledges is computed based upon a three-year historical average adjusted by management estimates of current economic factors, applied to gross campaign.

## UNITED WAY OF THURSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2008 and 2007

#### **NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### ***Campaign Pledges and Designations (Continued)***

Donor designated pledges are assessed a processing fee based on actual historical costs in accordance with United Way of America membership standards as outlined in their publication titled *United Way of America Implementation Requirements for Membership Standard M (Cost Deduction for Designed Funds)*.

##### ***Contributions***

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor (other than donor designated gifts received through the annual campaign) is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets 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.

##### ***Community Investment Grants and Donor Choice Designations***

Community investment grants to support health and human service programs are determined through a review process by United Way committees composed of Board members and community volunteers. Agencies that are awarded funding are notified in the spring of each year and are required to sign a memorandum of understanding.

Donor choice designations to other nonprofit organizations are subject to an administrative fee based on the previous year's functional expense overhead calculation. The administrative fee applied was 17.5% for the years ended June 30, 2008 and 2007. Donations to other United Ways in Washington and designations from major donors are processed at a reduced fee or without fee.

##### ***Property and Equipment***

Property and equipment purchased in excess of \$500 with a useful life of two or more years are capitalized and stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Property and equipment consist of computer equipment, office equipment and furniture.

## UNITED WAY OF THURSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2008 and 2007

#### **NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES** (Continued)

##### ***Donated Property and Equipment***

Donations of property and equipment are recorded as contributions at their estimated fair market value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a significant purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, United Way reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. United Way reclassifies temporarily restricted net assets to unrestricted net assets at that time.

##### ***Donated Materials***

Donated materials are reflected as contributions at their estimated values at date of receipt. For the years ended June 30, 2008 and 2007, United Way received donated advertising, printing and website design of \$47,491 and \$45,417, respectively.

##### ***Donated Services***

No amounts have been reflected in the financial statements for donated services. United Way generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist United Way with allocations, Day of Caring and various committee assignments. United Way receives more than 4,000 volunteer hours per year.

##### ***Functional Expenses***

Expenses are charged to each program based on direct expenditures incurred. Any program expenses not directly chargeable are allocated to programs based on the annual time study method recommended by United Way of America in its publication *United Way of America Functional Expenses and Overhead Reporting Standards (Revised 2003)*.

##### ***Federal Income Taxes***

United Way is a nonprofit organization exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and is not a private foundation. United Way has unrelated business taxable income as defined by the Internal Revenue Code. There was no income tax expense for the years ended June 30, 2008 and 2007.

##### ***Use of Estimates***

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

## UNITED WAY OF THURSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2008 and 2007

#### **NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### ***Concentration of Risk***

Accounts maintained at each financial institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. Additional coverage was obtained for one financial institution during 2008. At June 30, 2008 and 2007, United Way had amounts in excess of limits totaling \$435,592 and \$471,834, respectively, at one financial institution. The FDIC limit was increased to \$250,000 subsequent to June 30, 2008.

Employee payroll deduction program of the State of Washington comprises approximately 8.9% and 12.3% of annual campaign pledges for the years ended June 30, 2008 and 2007, respectively. Intel comprises approximately 10.1% and 10.9% of annual campaign pledges for the years ended June 30, 2008 and 2007, respectively.

#### **NOTE 2 - CERTIFICATES OF DEPOSIT**

Certificates of deposit are valued at cost plus interest earned. The certificates of deposit with various maturities from September 2008 through June 2009 have interest rates ranging from 3.16% to 3.75%.

#### **NOTE 3 - PLEDGES RECEIVABLE**

Pledges receivable consist of unconditional promises to give. All amounts are expected to be received within one year.

#### **NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at June 30:

	<u>2008</u>	<u>2007</u>
Equipment and furniture	\$ 53,483	\$ 39,103
Less accumulated depreciation	<u>29,274</u>	<u>35,209</u>
Property and Equipment - Net	\$ <u>24,209</u>	\$ <u>3,894</u>

**UNITED WAY OF THURSTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2008 and 2007

**NOTE 5 - COMMUNITY FOUNDATION ENDOWMENT**

In June 2007, United Way established an endowment fund with the Community Foundation of South Puget Sound (Foundation). The Foundation shall control the invested assets. Under the agreement with the Foundation, distributions are available to United Way for purposes of acquiring or renovating a capital asset or in the event of unexpected financial need that is not expected to recur. Distributions of investment income will be made at least annually to the United Way.

The cost and market values of the investments as of June 30, 2008 are as follows:

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Loss</u>
Invested Endowment	\$ <u>160,525</u>	\$ <u>155,717</u>	\$ <u>(4,808)</u>

**NOTE 6 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets of \$495,402 will be available for fiscal year 2008 when the time restriction (net campaign pledges received for future periods and grants) is met.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors. Time restrictions (net campaign pledges received for future period and grants with time restrictions) satisfied were \$478,821 and \$546,628 for the years ended June 30, 2008 and 2007, respectively.

**NOTE 7 - OPERATING LEASES**

In December 2007, United Way entered into a lease agreement for its office that expires in January 2011. The lease requires monthly payments of \$2,517, increasing 3% per year for the remaining term of the lease. United Way leased its previous office space under a month-to-month agreement. United Way also has a copier lease with monthly payments of \$284 through January 2011. Rent expense for 2008 and 2007 was \$31,045 and \$31,687, respectively.

Minimum net rental commitments under these noncancelable leases are as follows for future years ending December 31:

2009	\$ 34,070
2010	34,990
2011	<u>20,683</u>
	\$ <u>89,743</u>

## UNITED WAY OF THURSTON COUNTY

### NOTES TO FINANCIAL STATEMENTS

June 30, 2008 and 2007

#### NOTE 7 - OPERATING LEASES (Continued)

United Way was subleasing a portion of their previous office space at the same rate United Way is paying. Rental income was \$250 and \$3,000 for 2008 and 2007, respectively.

#### NOTE 8 - PENSION PLAN

United Way has established a Simplified Employee Pension Plan available to all permanent employees when certain eligibility requirements are met. United Way is required to contribute 5% of eligible employees' salary which totaled \$14,487 and \$11,255 for the years ended June 30, 2008 and 2007, respectively.

#### NOTE 9 - SPECIAL EVENTS

Following are projects which were value-added services to the community. The intention was to have expenses met by the contributions specifically solicited for the project. Special events consist of the following for the year ended June 30, 2008:

	<u>Revenue</u>	<u>Expenses</u>	<u>Net</u>
Day of Caring	\$ 25,000	\$ 3,911	\$ 21,089
Annual luncheon	12,695	8,270	4,425
Campaign Dinner	<u>600</u>	<u>283</u>	<u>317</u>
	<u>\$ 38,295</u>	<u>\$ 12,464</u>	<u>\$ 25,831</u>

Special events consist of the following for the year ended June 30, 2007:

	<u>Revenue</u>	<u>Expenses</u>	<u>Net</u>
Day of Caring	\$ 7,500	\$ 358	\$ 7,142
Annual luncheon	12,725	8,233	4,492
Annual meeting	630	1,592	(962)
Little Red Schoolhouse	<u>6,121</u>	<u>1,141</u>	<u>4,980</u>
	<u>\$ 26,976</u>	<u>\$ 11,324</u>	<u>\$ 15,652</u>

#### NOTE 10 - OVERHEAD RATIO

The overhead ratio used by United Way is equal to campaign, management and general expenses divided by total campaign support and all other revenue sources. The ratio is calculated below using the gross method recommended in *Functional Expenses and Overhead Reporting Guidelines for United Ways*, United Way of America, 1998, adjusted for in-kind contributions. The overhead ratio for the following year's campaign is calculated as follows:

**UNITED WAY OF THURSTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2008 and 2007

**NOTE 10 - OVERHEAD RATIO** (Continued)

	<u>2008</u>	<u>2007</u>
Numerator: Fundraising, management and general	\$ 342,829	\$ 298,973
Less: In-kind expenses	<u>(44,991)</u>	<u>(45,417)</u>
	\$ <u>297,838</u>	\$ <u>253,556</u>
Denominator: Total revenue and other support	\$ 1,475,298	\$ 1,616,369
Add: Amounts designated to specified agencies (not included in total revenue)	329,872	333,397
Add: Allowance for uncollected pledges	90,293	86,892
Less: The portion of designations retained as fee revenue	(36,362)	(32,111)
Less: In-kind revenue	<u>(47,491)</u>	<u>(45,417)</u>
	\$ <u>1,811,610</u>	\$ <u>1,959,130</u>
Numerator/denominator expressed as a percent	<u>16.4%</u>	<u>12.9%</u>