

United Way of Lane County
(a Nonprofit Organization)
Independent Auditor's Report
And Financial Statements
June 30, 2010 and 2009

Mueller Larson Osterman Yuva LLP
Certified Public Accountants

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Mueller Larson Osterman Yuva LLP

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September 17, 2010

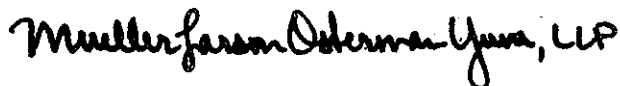
Independent Auditor's Report

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, 2010 and 2009, 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, 2010 and 2009, 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, 2010 and 2009

	June 30,	
	2010	2009
<u>Assets</u>		
Cash	\$ 1,004,820	\$ 890,568
Investments	115,504	216,571
Pledges and grants receivable, net	1,429,196	1,456,295
Prepaid expenses and deposits	63,096	57,370
Long term investments	283,983	257,176
Property and equipment, net	622,498	636,966
	<u>\$ 3,519,097</u>	<u>\$ 3,514,946</u>
<u>Liabilities</u>		
Accounts payable and accrued expenses	\$ 203,858	\$ 188,040
Designations payable	655,840	625,993
Agency allocations payable	730,158	627,858
	<u>1,589,856</u>	<u>1,441,891</u>
<u>Net Assets</u>		
Unrestricted		
Undesignated	823,474	801,875
Board designated:		
Oregon Community Foundation	283,983	257,176
Contingency/emergency reserve	400,000	400,000
	<u>1,507,457</u>	<u>1,459,051</u>
Temporarily restricted	421,784	614,004
	<u>1,929,241</u>	<u>2,073,055</u>
Total net assets	1,929,241	2,073,055
	<u>\$ 3,519,097</u>	<u>\$ 3,514,946</u>
Total liabilities and net assets	<u>\$ 3,519,097</u>	<u>\$ 3,514,946</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	<u>733,256</u>	<u>(733,256)</u>	<u>-</u>
	<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	246,912	-	246,912
	<u>1,939,029</u>	<u>-</u>	<u>1,939,029</u>
Education	94,959	-	94,959
Income	283,127	-	283,127
Health	278,658	-	278,658
Total program services	<u>2,595,773</u>	<u>-</u>	<u>2,595,773</u>
Supporting services			
Administration and general	357,558	-	357,558
Fundraising	499,550	-	499,550
Total supporting services	<u>857,108</u>	<u>-</u>	<u>857,108</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
Statement of Activities
For the Year Ended June 30, 2009

	Unrestricted	Temporarily Restricted	Total
Public support and revenue			
Gross campaign results	\$ 2,910,689	\$ 1,395,209	\$ 4,305,898
Less donor designations	-	(1,259,901)	(1,259,901)
Less provision for uncollectible pledges	(253,155)	(121,347)	(374,502)
Net campaign revenue	<u>2,657,534</u>	<u>13,960</u>	<u>2,671,495</u>
Program grants			
Education	-	27	27
Income	-	148,916	148,916
Health	-	513,958	513,958
Other grants	-	187,940	187,940
In-kind support	65,895	-	65,895
In-kind support - human services system	-	90,744	90,744
Service fees	115,971	-	115,971
Interest and dividends	18,775	-	18,775
Net loss on investments	(67,111)	-	(67,111)
Other revenues	33,761	-	33,761
Net assets released from restriction satisfied by payments	772,739	(772,739)	-
	<u>940,031</u>	<u>168,845</u>	<u>1,108,875</u>
Total public support and revenue	<u>3,597,565</u>	<u>182,805</u>	<u>3,780,370</u>
Expenses			
Program services			
Gross funds awarded	2,713,856	-	2,713,856
Less donor designations	(1,259,901)	-	(1,259,901)
Net funds awarded to agencies	1,453,955	-	1,453,955
Venture grants and special response	207,760	-	207,760
Community services	294,989	-	294,989
	<u>1,956,704</u>	<u>-</u>	<u>1,956,704</u>
Education	101,364	-	101,364
Income	240,025	-	240,025
Health	403,519	-	403,519
Total program services	<u>2,701,612</u>	<u>-</u>	<u>2,701,612</u>
Supporting services			
Administration and general	408,352	-	408,352
Fundraising	552,850	-	552,850
Total supporting services	<u>961,202</u>	<u>-</u>	<u>961,202</u>
Total expenses	<u>3,662,814</u>	<u>-</u>	<u>3,662,814</u>
Change in net assets	(65,249)	182,805	117,556
Net assets, beginning of year	<u>1,524,300</u>	<u>431,199</u>	<u>1,955,499</u>
Net assets, end of year	<u>\$ 1,459,051</u>	<u>\$ 614,004</u>	<u>\$ 2,073,055</u>

United Way of Lane County
Statements of Cash Flows
For the Years Ended June 30, 2010 and 2009

	Years Ended June 30,	
	2010	2009
Cash flows from operating activities		
Change in net assets	\$ (143,814)	\$ 117,556
Adjustments to reconcile change in net assets to net cash from operating activities:		
Net (gain) loss on investments	(26,807)	67,111
Depreciation	19,595	19,522
Changes in:		
Pledges and grants receivable	27,099	322,921
Prepaid expenses and deposits	(5,726)	3,957
Accounts payable and accrued expenses	15,818	15,505
Designations payable	29,847	(214,929)
Agency allocations payable	102,300	(198,270)
Net cash from operating activities	<u>18,312</u>	<u>133,372</u>
Cash flows from investing activities		
Purchase of equipment	(5,127)	(31,433)
Purchase of investments	-	(7,313)
Proceeds from maturity of short-term investments	101,067	-
Net cash from investing activities	<u>95,940</u>	<u>(38,746)</u>
Net increase in cash	114,252	94,626
Cash, beginning of year	<u>890,568</u>	<u>795,942</u>
Cash, end of year	<u>\$ 1,004,820</u>	<u>\$ 890,568</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	186,827	58,267	68,286	120,160	433,540
Purchased services	-	22,378	157,280	127,728	307,386
Community-building activities	13,851	392	7,021	3,738	25,002
Public education	-	3,284	6,214	60	9,558
Equipment rent and maintenance	10,309	2,200	1,974	4,368	18,851
Supplies and postage	6,315	1,348	4,444	3,193	15,300
Travel and staff development	2,323	1,266	445	7,851	11,885
Telephone and utilities	4,267	911	817	1,808	7,803
Depreciation	4,792	1,023	918	2,030	8,763
Professional fees	5,637	1,203	18,735	2,388	27,963
Dues and subscriptions	300	64	57	127	548
Miscellaneous	1,719	367	329	728	3,143
United Way Worldwide dues	10,572	2,256	2,025	4,479	19,332
	<u>246,912</u>	<u>94,959</u>	<u>268,545</u>	<u>278,658</u>	<u>889,074</u>
	<u>\$ 1,939,029</u>	<u>\$ 94,959</u>	<u>\$ 283,127</u>	<u>\$ 278,658</u>	<u>\$ 2,595,773</u>

	Supporting Services		Total
	Administration and General	Fund Raising	
Salaries, benefits and payroll taxes	\$ 298,739	\$ 311,687	\$ 610,426
Direct fundraising expenses	-	80,871	80,871
Equipment rent and maintenance	11,262	12,044	23,306
Supplies and postage	6,899	7,378	14,277
Travel and staff development	2,538	2,714	5,252
Telephone and utilities	4,661	4,985	9,646
Depreciation	5,235	5,599	10,834
Professional fees	6,158	6,585	12,743
Dues and subscriptions	328	350	678
Miscellaneous	1,877	2,008	3,885
In-kind support	8,312	52,978	61,290
United Way Worldwide dues	11,549	12,351	23,900
	<u>\$ 357,558</u>	<u>\$ 499,550</u>	<u>\$ 857,108</u>

United Way of Lane County
Statement of Functional Expenses
For the Year Ended June 30, 2009

	Program Services				Total
	Allocations and Community Services	Education	Income	Health	
Allocations and awards	\$ 2,713,856	\$ -	\$ -	\$ -	\$ 2,713,856
Less donor designations	(1,259,901)	-	-	-	(1,259,901)
	<u>1,453,955</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,453,955</u>
Venture grants	137,907	-	-	-	137,907
In-kind support - human services system	69,853	-	20,891	-	90,744
	<u>207,760</u>	<u>-</u>	<u>20,891</u>	<u>-</u>	<u>228,651</u>
Salaries, benefits and payroll taxes	209,150	58,230	49,993	95,090	412,463
Purchased services	-	31,054	131,100	256,388	418,542
Community-building activities	36,493	297	10,393	726	47,909
Public education	-	2,211	7,517	495	10,223
Equipment rent and maintenance	10,943	1,933	1,410	37,507	51,793
Supplies and postage	6,432	1,205	2,642	1,949	12,228
Travel and staff development	3,149	1,344	406	3,613	8,512
Telephone and utilities	4,791	846	617	1,288	7,542
Depreciation	5,186	916	668	1,395	8,165
Professional fees	4,119	727	12,491	1,108	18,445
Dues and subscriptions	591	104	76	159	930
Miscellaneous	1,855	328	239	499	2,921
United Way Worldwide dues	12,280	2,169	1,582	3,302	19,333
	<u>294,989</u>	<u>101,364</u>	<u>219,134</u>	<u>403,519</u>	<u>1,019,006</u>
	<u>\$ 1,956,704</u>	<u>\$ 101,364</u>	<u>\$ 240,025</u>	<u>\$ 403,519</u>	<u>\$ 2,701,612</u>

	Supporting Services		Total
	Administration and General	Fund Raising	
Salaries, benefits and payroll taxes	\$ 348,583	\$ 356,907	\$ 705,490
Direct fundraising expenses	-	81,753	81,753
Equipment rent and maintenance	11,817	12,146	23,963
Supplies and postage	6,946	7,140	14,086
Travel and staff development	3,401	3,496	6,897
Telephone and utilities	5,174	5,318	10,492
Miscellaneous	2,003	2,059	4,062
Professional fees	4,448	4,572	9,020
Dues and subscriptions	638	656	1,294
Depreciation	5,601	5,757	11,358
In-kind support	6,480	59,415	65,895
United Way Worldwide dues	13,261	13,631	26,892
	<u>\$ 408,352</u>	<u>\$ 552,850</u>	<u>\$ 961,202</u>

United Way of Lane County
Notes to Financial Statements
June 30, 2010

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

Description of operations – Organizing and gathering community resources to resolve local human needs issues 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 has the unique ability to form partnerships with all segments of the community—individuals, business, charities, labor, the faith community and governmental entities—to solve identified local problems. Through a county-wide network consisting of hundreds of partners and other not-for-profit agencies, UWLC helps provide basic needs while working to change conditions that allow these problems to exist in the first place.

Allocations and community services – UWLC is the largest private funder of human care services in Lane County, Oregon. UWLC sustains a collaborative county-wide safety net of more than 60 services and programs delivered through over 40 different agencies.

UWLC focuses its strategic efforts in three distinct action areas that, together, form the building blocks for a good life. These action areas are:

- **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 funds basic needs services that provide food, shelter, safety, health care and service access.

Additional core support for education, income and health include:

- **www.211Lane.org** – The region’s only comprehensive online directory of social service providers and the database platform for a future 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.
- **Days of Caring** – An annual two-day 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, 2010

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 contributions that have been restricted by the donor for specific purposes or are not available for use until a specific time.
- *Permanently restricted net assets* – consist of contributions with donor restrictions that stipulate the resources be maintained permanently, but permit UWLC to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes. UWLC had no permanently restricted net assets as of June 30, 2010 or 2009.

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, 2010

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.

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 may exceed amounts insured by the Federal Deposit Insurance Corporation. Such amount totaled \$645,490 at June 30, 2010.

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 utilizing Level I, Level II and Level III inputs. 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. Equipment costing \$5,000 or less that is acquired with federal funds is charged to expense of the related grant as title to such equipment may revert back to the funding agency upon termination of the associated grant. UWLC has a capitalization policy of \$500 for equipment acquired with non-federal funds. 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.

Advertising, marketing and public relations expense – UWLC expenses advertising, marketing and public relations costs as incurred.

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.

United Way of Lane County
Notes to Financial Statements
June 30, 2010

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

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.

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, food and raffle prizes. 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 \$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*”, 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 \$8,312 allocated to administration and \$52,978 to fundraising.

Note 2 – Pledges and Grants Receivable, Net

	June 30,	
	2010	2009
Pledges receivable	\$ 1,617,328	\$ 1,630,189
Less allowance for uncollectible pledges	(273,604)	(259,530)
Net pledges receivable	1,343,724	1,370,659
Grants receivable	81,020	54,760
Other receivables	4,452	30,876
Pledges and grants receivable, net	\$ 1,429,196	\$ 1,456,295

Note 3 – Investments and Fair Value Measurements

Effective July 1, 2008, UWLC adopted ASC 825, which provides entities the option to measure many financial instruments and certain other items at fair value. Entities that choose the fair value option will recognize unrealized gains and losses on items for which the fair value option was elected in earnings at each subsequent reporting date. UWLC has currently chosen not to elect the fair value option for any items that are not already required to be measured at fair value in accordance with accounting principles generally accepted in the United States.

United Way of Lane County
Notes to Financial Statements
June 30, 2010

Note 3 – Investments and Fair Value Measurements (continued)

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. The 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 in the table below.

	Fair Value		Carrying Value	
	Measurements			
	2010	2009	2010	2009
	Level 1	Level 1		
Short-term investments				
Certificates of deposit	\$ 115,504	\$ 216,571	\$ 115,504	\$ 216,571
Long-term investments				
Oregon Community Foundation	\$ 283,983	\$ 257,176	\$ 283,983	\$ 257,176

United Way of Lane County
Notes to Financial Statements
June 30, 2010

Note 4 – Property and Equipment

	June 30,	
	2010	2009
Land	\$ 296,000	\$ 296,000
Building	419,000	419,000
Equipment	218,564	213,437
	933,564	928,437
Less accumulated depreciation	311,066	291,471
	\$ 622,498	\$ 636,966

Note 5 – Line of Credit

On March 3, 2010, 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, 2010). The credit line is secured by substantially all assets of the Organization. As of June 30, 2010 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,	
	2010	2009
Retired Senior Volunteer Program	\$ 46,048	\$ 46,827
Education	25,025	27,127
Income	46,381	63,769
Health	296,593	454,843
Other	7,737	21,438
Total temporarily restricted net assets	\$ 421,784	\$ 614,004

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 \$23,829 and \$47,219 for the years ended June 30, 2010 and 2009, respectively and represented 3% and 6% respectively of eligible wages for each year.

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Note 8 – 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 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. 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, 2010.

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.

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 \$21,101 and \$23,112 at June 30, 2010 and 2009, respectively, and estimated claims outstanding, included in accrued liabilities, totaled \$18,019 and \$35,344 at June 30, 2010 and 2009, respectively.

Operating leases – UWLC has several noncancelable operating leases, primarily for various forms of equipment, that expire at various dates through December 2013. 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 \$15,146 and \$15,292 for the years ended June 30, 2010 and 2009 respectively.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of June 30, 2010 are:

Operating Lease Obligations

Year ending June 30:

2011	\$ 15,444
2012	11,223
2013	6,540
2014	1,632
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	\$ 34,839

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Note 9 – Commitments and Contingencies (continued)

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of June 30, 2010 are:

Year ending June 30:	
2011	\$ 15,444
2012	11,223
2013	6,540
2014	1,632
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	\$ 34,839
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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 \$34,000 and \$33,000 at June 30, 2010 and 2009, respectively.

Note 10 – Subsequent Events

UWLC has evaluated subsequent events through September 17, 2010, 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.