SOLV

FINANCIAL STATEMENTS

Years ended December 31, 2010 and 2009

with

INDEPENDENT AUDITOR'S REPORT

Bashar & Johnson, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

SOLV

(An Oregon nonprofit corporation)

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
SOLV
Hillsboro, Oregon

We have audited the accompanying statements of financial position of SOLV as of December 31, 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 SOLV's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 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 SOLV as of December 31, 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.

Bashar & Johnson, P.C.

Beaverton, Oregon
July 7, 2011

SOLV

STATEMENTS OF FINANCIAL POSITION

December 31, 2010 and 2009

ASSETS

	2010	2009
Cash (Note 3)	$ 279,534	$ 418,150
Accounts receivable	53,983	100,248
Contributions receivable (Note 4)	417,302	433,566
Investments (Notes 5 and 6)	1,395,891	1,446,765
Inventory	837	376
Prepaid expenses and deposits	17,700	20,818
Defined benefit pension assets (Note 10)	40,315	25,426
Vehicles and equipment, net (Note 7)	30,476	43,352
Total assets	$2,236,038	$2,488,701

LIABILITIES AND NET ASSETS

	2010	2009
Liabilities:		
Note payable to a bank (Note 8)	$ -	$ -
Accounts payable	2,904	32,941
Accrued payroll, payroll taxes and benefits payable	44,845	31,566
Total liabilities	47,749	64,507
Commitments and contingencies (Note 9)	-	-
Net assets (Note 11):		
Unrestricted	547,670	788,264
Temporarily restricted	200,582	336,063
Permanently restricted	1,440,037	1,299,867
Total net assets	2,188,289	2,424,194
Total liabilities and net assets	$2,236,038	$2,488,701

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

SOLV

STATEMENT OF ACTIVITIES

Year ended December 31, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT				
Grants and contributions	$ 849,179	$ 82,452	$ 140,170	$1,071,801
Contract revenue	134,879	-	-	134,879
Investment gain	140,531	-	-	140,531
In-kind contributions (Note 13)	433,845	-	-	433,845
Recognition event	181,211	-	-	181,211
Other income	1,316	-	-	1,316
Interest income	241	-	-	241
Total revenues and gains	1,741,202	82,452	140,170	1,963,824
Net assets released from restrictions	217,933	(217,933)	-	-
Total revenues, gains, and other support	1,959,135	(135,481)	140,170	1,963,824
EXPENSES				
Program services	1,474,309	-	-	1,474,309
Management and general	247,002	-	-	247,002
Development	350,414	-	-	350,414
Recognition event	128,004	-	-	128,004
Total expenses	2,199,729	-	-	2,199,729
INCREASE (DECREASE) IN NET ASSETS	(240,594)	(135,481)	140,170	(235,905)
NET ASSETS, beginning of year	788,264	336,063	1,299,867	2,424,194
NET ASSETS, end of year	$ 547,670	$200,582	$1,440,037	$2,188,289

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

SOLV

STATEMENT OF ACTIVITIES

Year ended December 31, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS, AND OTHER SUPPORT				
Grants and contributions	$1,062,944	$287,503	$ -	$1,350,447
Contract revenue	218,856	-	-	218,856
Investment gain	281,298	-	-	281,298
In-kind contributions (Note 13)	149,933	-	-	149,933
Recognition event	258,391	-	-	258,391
Other income	501	-	-	501
Interest income	-	-	-	-
Total revenues and gains	1,971,923	287,503	-	2,259,426
Net assets released from restrictions	347,200	(347,200)	-	-
Total revenues, gains, and other support	2,319,123	(59,697)	-	2,259,426
EXPENSES				
Program services	1,180,430	-	-	1,180,430
Management and general	281,391	-	-	281,391
Development	51,038	-	-	51,038
Recognition event	103,081	-	-	103,081
Total expenses	1,615,940	-	-	1,615,940
INCREASE (DECREASE) IN NET ASSETS	703,183	(59,697)	-	643,486
NET ASSETS, beginning of year	85,081	395,760	1,299,867	1,780,708
NET ASSETS, end of year	$ 788,264	$336,063	$1,299,867	$2,424,194

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

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STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2010

	Program Services	Management and General	Development	Recognition Event	Total
Salaries and benefits	$ 796,819	$ 195,882	$ 43,153	$ 30,709	$ 1,066,563
Change in pension obligation	1,034	183	213	91	1,521
Professional fees and contract services	136,148	14,858	378	18,538	169,922
Occupancy	112,329	17,733	14,877	6,717	151,656
Telephone	6,411	1,994	1,811	243	10,459
Supplies	4,638	2,096	626	81	7,441
Printing	18,021	3,561	5,481	753	27,816
Postage and shipping	9,202	445	3,112	312	13,071
Advertising	1,022	260	-	1,354	2,636
Event services	80,118	1	7,665	48,035	135,819
Project grants	10,226	-	-	-	10,226
Travel and transportation	25,014	770	969	449	27,202
Meetings	6,168	3,157	887	40	10,252
Recognition awards	1,648	845	2,777	1,459	6,729
Insurance	17,665	974	247	172	19,058
Fees and dues	7,247	2,200	5,342	70	14,859
Pledge write-offs	-	-	77,778	-	77,778
Donated goods and services	230,705	-	184,562	18,578	433,845
Total expenses before depreciation	1,464,415	244,959	349,878	127,601	2,186,853
Depreciation	9,894	2,043	536	403	12,876
Total expenses	$ 1,474,309	$ 247,002	$ 350,414	$ 128,004	$ 2,199,729

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

STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2009

	Program Services	Management and General	Development	Recognition Event	Total
Salaries and benefits	$ 864,271	$ 228,603	$ 21,768	$ 20,591	$ 1,135,233
Change in pension obligation	(376,305)	(20,356)	(11,599)	-	(408,260)
Professional fees and contract services	184,373	41,243	89	10,076	235,781
Occupancy	123,145	11,517	11,517	4,319	150,498
Supplies	3,505	2,355	169	305	6,334
Printing	24,096	2,540	3,276	1,963	31,875
Postage and shipping	12,436	506	2,807	392	16,141
Advertising	6,549	-	-	-	6,549
Insurance	17,432	1,070	105	125	18,732
Meetings	2,277	3,154	467	3	5,901
Travel and transportation	28,468	1,271	220	370	30,329
Telephone	8,615	1,313	1,290	175	11,393
Event services	99,878	67	1,851	50,216	152,012
Project grants	18,614	-	-	-	18,614
Recognition awards	450	1,687	83	2,975	5,195
Fees and dues	7,661	4,617	8,150	171	20,599
Pledge write-offs	600	-	10,450	-	11,050
Donated goods and services	138,715	-	170	11,048	149,933
Total expenses before depreciation	1,164,780	279,587	50,813	102,729	1,597,909
Depreciation	15,650	1,804	225	352	18,031
Total expenses	$ 1,180,430	$ 281,391	$ 51,038	$ 103,081	$ 1,615,940

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STATEMENTS OF CASH FLOWS

Years ended December 31, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from donors and service recipients	$1,373,136	$1,931,222
Cash paid to employees and suppliers	(1,781,998)	(1,907,202)
Interest and dividends received	241	-
Net cash provided (used) by operating activities	(408,621)	24,020
CASH FLOWS FROM INVESTING ACTIVITIES:		
Distributions from investments	196,946	88,478
Purchase of investments	(5,541)	(34,752)
Proceeds from sale of vehicles and equipment	-	10,900
Net cash provided by investing activities	191,405	64,626
CASH FLOWS FROM FINANCING ACTIVITIES (Note 14):		
Cash received for endowment fund	78,600	-
Net cash provided (used) by financing activities	78,600	-
Increase (decrease) in cash and cash equivalents	(138,616)	88,646
Cash and cash equivalents, beginning of year	418,150	329,504
Cash and cash equivalents, end of year	$ 279,534	$ 418,150

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

SOLV

STATEMENTS OF CASH FLOWS, CONTINUED

Years ended December 31, 2010 and 2009

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

	2010	2009
Change in net assets	$ (235,905)	$ 643,486
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	12,876	18,031
Loss on sale of vehicles and equipment	-	7
Net unrealized and realized gains on investments	(140,531)	(281,298)
Contributions received for endowment fund	(78,600)	-
Changes in assets and liabilities:		
Decrease in accounts receivable	46,265	76,396
Decrease in contributions receivable	16,264	26,631
Increase in inventory	(461)	(376)
Decrease in prepaid expenses and deposits	3,118	150
Increase in defined benefit pension assets	(14,889)	(25,426)
Decrease in accounts payable	(30,037)	(11,408)
Increase (decrease) in accrued payroll, payroll taxes and benefits payable	13,279	(39,339)
Decrease in defined benefit pension liabilities	-	(382,834)
Net cash provided (used) by operating activities	$ (408,621)	$ 24,020

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

1. Organization and Summary of Significant Accounting Policies

SOLV is one of Oregon's oldest conservation organizations, founded in 1969 by Governor Tom McCall and other community leaders. SOLV is a nonprofit organization which focuses on community cleanup, enhancement, environmental restoration and educational projects throughout the State of Oregon.

The significant accounting policies followed by SOLV are described below:

Financial Statement Presentation

Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of SOLV and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets which are available and used for operations and programs. Contributions are considered available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the same reporting period.

Temporarily restricted net assets – Net assets subject to donor-restrictions that will be met either by actions of SOLV and/or by the passage of time.

Permanently restricted net assets – Net assets which have a permanent donor-imposed restriction which stipulates that the assets are to be maintained permanently, but permits SOLV to expend part or all of the income derived from the donated assets. Contributions received for Gift to Oregon are permanently restricted net assets.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or law. When a donor restriction expires, that is, when the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

1. Organization and Summary of Significant Accounting Policies, Continued

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Contributions

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period received. Unconditional promises to give that are expected to be collected within one year are reported at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Contributions of Long-Lived Assets

Contributions of equipment and furnishings without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire equipment and furnishings with such donor stipulations are reported as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

Contributed Services

Significant services received, which create or enhance a non-financial asset or require specialized skills that the organization would have purchased if not donated, are recognized in the statement of activities. A number of unpaid volunteers have made significant contributions of their time to develop and implement programs of SOLV. In accordance with generally accepted accounting principles, the value of such services have not been recognized in the statement of activities.

1. Organization and Summary of Significant Accounting Policies, Continued

Other In-Kind Contributions

In-kind contributions of equipment and other materials are recorded where there is an objective basis upon which to value these contributions and where the contributions are an essential part of SOLV's activities.

Revenue Recognition

All contributions and grants are considered available for unrestricted use unless specifically restricted by the donor. Service revenues are recognized at the time services are provided and the revenues are earned.

Cash and Cash Equivalents

SOLV considers all highly liquid investments having initial maturities of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at their fair value in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Vehicles and Equipment

Vehicles and equipment are recorded at cost at the date of acquisition or at fair market value at the date of donation when acquired by gift. Minor additions and renewals are expensed in the year incurred. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, generally three to seven years.

Operations

Results from operations in the statement of activities reflects all transactions increasing or decreasing unrestricted net assets except those items of a capital nature associated with long-term investment or physical facilities.

1. Organization and Summary of Significant Accounting Policies, Continued

Income Taxes

SOLV is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law and, as such, is not subject to income taxes on net income from exempt activities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of reported assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through July 7, 2011, the date that the financial statements are available to be issued.

2. Program Services

SOLV Spring Oregon Beach Cleanup - Every spring the Oregon coastline is cleaned of litter and marine debris, returning it to its pristine condition for visitors and wildlife. This effort empowers citizens to be an active part of keeping their state clean and beautiful. The first beach cleanup in the nation was held here in Oregon in 1984. Since then, annual beach cleanups have spread to 55 states and US territories as well as 87 countries and sovereign territories.

SOLV Beach and Riverside Cleanup – In 2010, the Fall Beach Cleanup was expanded to include inland waterway cleanup sites around the state. Thousands of volunteers pick up trash, pull invasive vegetation and plant native trees along or waterways and beaches to improve wildlife habitat, erosion control and water quality.

SOLV IT – One of the largest Earth Day activities in the nation, SOLV IT projects take place around the state involving volunteers in illegal dumpsite and neighborhood litter cleanups, invasive vegetation removal, native tree and shrub plantings and maintenance of watershed restoration sites.

2. Program Services, Continued

Project Oregon – Project Oregon supports anyone who wants to organize a project that engages volunteers in cleanup and restoration activities anywhere and anytime in Oregon. SOLV provides small grants, project planning assistance and cleanup project supplies.

Oregon Adopt-A-River – Oregon Adopt-A-River is a partnership between SOLV and the Oregon State Marine Board. The program supports individuals and organizations in cleaning up their favorite stretch of waterway (river, lake or stream) anywhere in the state of Oregon, while focusing on watershed health and a good stewardship ethic. The commitment is for 2 years doing at least 2 cleanups per year on a minimum stretch of 2 miles of waterway.

K-16 Education – SOLV's education programs and curricula are designed to involve students in service-learning, a teaching and learning strategy that integrates meaningful community service with academic study to enrich learning, teach civic responsibility, and strengthen communities, Students gain a "real world" extension to their classroom education, and at the same time, build a connection to their community.

Volunteer Outreach and Training – SOLV recruits, trains, acknowledges and retains volunteers and supports SOLV projects in communities throughout the state of Oregon. Volunteer Action Trainings and Stream Team Captain Trainings train community leaders to coordinate SOLV volunteer projects. SOLV also trains volunteer Ambassadors to represent SOLV at community events in the Portland Metro area.

Team Up for Watershed Health – SOLV's Team Up for Watershed Health Program seeks to involve and educate community members in restoration projects along priority waterways in the Portland Metro area to improve water quality and habitat for fish and wildlife. Team Up provides a long-term commitment to these sites, and involves local groups and schools to remove invasive plants, plant native trees and shrubs, maintain sites, and monitor watershed health.

Green Team – Green Team engages high school and middle school science classes in the Portland Metro area in stream and wetland enhancement projects at Team Up sites. Students learn the basics of watershed, threats to watershed health, impacts of land use, stream restoration techniques, restoration design, vegetation and water quality monitoring, and native plant identification through on-site hands-on activities and related in-class activities.

3. Cash

The following is a summary of cash by net assets:

	2010	2009
Unrestricted net assets	$169,338	$360,375
Temporarily restricted – programs	31,596	57,775
Permanently restricted	78,600	-
	$279,534	$418,150

4. Contributions Receivable

Contributions receivable consist of unconditional promises to give as follows at December 31, 2010:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Receivable in less than one year	$186,746	$ 97,227	$ 31,750	$315,723
Receivable in one to five years	-	76,957	32,850	109,807
	186,746	174,184	64,600	425,530
Less discounts to net present value	-	(5,198)	(3,030)	(8,228)
	$186,746	$168,986	$ 61,570	$417,302

Contributions receivable consist of unconditional promises to give as follows at December 31, 2009:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Receivable in less than one year	$155,278	$197,236	$ -	$352,514
Receivable in one to five years	-	97,959	-	97,959
	155,278	295,195	-	450,473
Less discounts to net present value	-	(16,907)	-	(16,907)
	$155,278	$278,288	$ -	$433,566

The discount rate used on long-term contributions receivable was 5%.

5. Investments

The fair values of investments are summarized as follows:

	2010	2009
Pooled investment fund maintained by the Oregon Community Foundation (OCF)	$ 993,564	$ 935,658
Mutual funds	402,327	511,107
	$1,395,891	$1,446,765

The pooled investment fund assets are invested by OCF principally in common stocks and bonds, and are carried at fair market value. Income earned by the pooled investment fund is distributed to SOLV not less than annually based on a reasonable rate of return as determined by the board of directors of the OCF. Additional distributions from the fund can be requested by SOLV's board of directors. Distributions totaled $46,210 and $48,478 in 2010 and 2009, respectively.

The portfolio of mutual funds consists of investments in twelve different funds at December 31, 2010 and 2009, ranging from fixed income funds to growth funds. The asset allocation at December 31, 2010 and 2009 consisted of approximately 48.3% and 51.5% in stocks and 51.7% and 48.5% in bonds, respectively.

The following is a summary of investments by net assets:

	2010	2009
Unrestricted	$ 96,024	$ 146,898
Permanently restricted endowment	1,299,867	1,299,867
	$1,395,891	$1,446,765

There are no donor restrictions on earnings on temporarily restricted or permanently restricted investments. Thus all earnings from investments are classified as unrestricted in the statement of activities, except for amounts required to restore prior year losses in permanently restricted investments.

Investment return consists of the following:

	2010	2009
Interest and dividends	$ 26,865	$ 31,920
Realized gains (losses)	12,105	(73,290)
Unrealized gains (losses)	115,499	335,704
Fees and expenses	(13,938)	(13,036)
	$ 140,531	$ 281,298

6. Fair Value Measurement

FASB ASC 820 establishes a framework for measuring fair value, clarifies the definition of fair value and expands disclosures about fair-value measurements. FASB ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability. Fair value is a market-based measurement that should be determined using assumptions that market participants would use in pricing an asset or liability. FASB ASC 820 establishes a valuation hierarchy for disclosure of fair value measurements. The categorization within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. The categories within the valuation hierarchy are described below:

Level 1 – Financial instruments with quoted prices in active markets for identical assets or liabilities. The Organization's level 1 financial instruments consist of mutual funds.

Level 2 – Financial instruments with quoted prices in active markets for similar assets or liabilities. Level 2 fair value measurements are determined using either prices for similar instruments or inputs that are either directly or indirectly observable, such as interest rates. The Organization does not have any financial assets or liabilities being measured at fair value that are classified as level 2 financial instruments.

Level 3 – Inputs to the fair value measurements are unobservable inputs or valuation techniques. The Organization's level 3 financial instruments include pooled investment funds.

A summary of financial assets measured at fair value is as follows:

Assets	Total at December 31, 2010	Quoted Price in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Input (Level 3)
Mutual funds	$ 402,327	$ 402,327	$ -	$ -
Pooled investment funds	993,564	-	-	993,564
Total assets at fair value	$1,395,891	$ 402,327	$ -	$ 993,564

6. Fair Value Measurement, Continued

The following table sets forth a summary of changes in fair value of the Level 3 assets for the year ended December 31, 2010:

	Pooled Investment Funds
Balance, beginning of year	$935,658
Interest and dividends	10,510
Realized gains	12,391
Unrealized gains	88,678
Fees and expenses	(7,463)
Disbursements	(46,210)
Balance, end of year	$993,564

7. Vehicles and Equipment

Vehicles and equipment consist of the following:

	2010	2009
Vehicles	$ 8,300	$ 8,300
Equipment	164,118	164,118
Leasehold improvements	10,739	10,739
	183,157	183,157
Less accumulated depreciation	(152,681)	(139,805)
	$ 30,476	$ 43,352

Depreciation and amortization expense was $12,876 and $18,031 in 2010 and 2009, respectively.

8. Note Payable to a Bank

SOLV has an unsecured line-of-credit at a bank in the amount of $200,000. Interest is payable monthly at bank prime rate plus one percent (4.75% at December 31, 2010). There were no balances outstanding at December 31, 2010 or 2009.

9. Lease Commitments

SOLV leases its administrative office and certain office equipment under non-cancelable operating leases.

The following is a schedule of future minimum rental payments under operating leases as of December 31.

2011	$170,557
2012	39,853
2013	13,713
2014	10,284
	$234,407

Rent expense for operating leases was $162,566 and $168,915 in 2010 and 2009, respectively.

10. Retirement Plans

Tax Sheltered Annuity Plan

SOLV provides all employees with the opportunity to contribute to a tax-sheltered annuity plan as described in Section 403(b) of the Internal Revenue Code. All employees may make voluntary contributions to the plan on a pre-tax basis, up to the limits allowed by law, from their first day of employment. Employees select among several investment options.

Defined Benefit Plan

SOLV adopted a defined benefit retirement plan effective January 1, 1998. All employees are eligible to enter the plan who have attained age 21, have worked at least 1000 hours per year and have been employed for twelve months. SOLV's policy is to fund accrued pensions costs.

SOLV amended the defined benefit retirement plan by freezing benefit accruals and participation in the plan effective May 15, 2009.

10. Retirement Plans, Continued

The following are disclosures related to the defined benefit pension plan:

	2010	2009
Net Periodic Benefit Cost		
Service cost	$ 3,500	$ 3,500
Interest cost	18,687	18,547
Expected return on plan assets	(19,231)	(17,198)
Amortization of transition obligation/(asset)	-	-
Amortization of (gain)/loss	-	-
Net periodic benefit cost	2,956	4,849
SFAS 88 curtailment	-	17,165
SFAS 88 settlement	-	(5,312)
Total net periodic benefit cost	$ 2,956	$ 16,702
Change in Projected Benefit Obligation		
Projected benefit obligation at beginning of year	$ 291,852	$ 673,449
Service cost	-	-
Interest cost	18,687	18,547
SFAS 88 curtailments	-	(203,597)
SFAS 88 settlement	-	-
Disbursements	(77,408)	(35,272)
Actuarial (gain)/loss	16,530	(161,275)
Projected benefit obligation at end of year	$ 249,661	$ 291,852
Change in Fair Value of Plan Assets		
Fair value of plan assets at beginning of year	$ 317,278	$ 290,615
Actual return on plan assets	38,288	66,633
Employer contributions	16,410	-
Settlements	-	-
Benefits paid	(77,408)	(35,272)
Administrative expenses	(4,592)	(4,698)
Fair value of plan assets at end of year	$ 289,976	$ 317,278

10. Retirement Plans, Continued

	2010	2009
Key Assumptions		
Discount rate for net periodic benefit cost	6.00%	6.00%
Salary scale for net periodic benefit cost	N/A	N/A
Expected return on plan assets	6.00%	6.00%
Discount rate for disclosure obligations	6.00%	6.00%
Salary scale for disclosure obligations	N/A	N/A
Measurement Date	December 31	December 31
Benefit Obligations at End of Year		
Accumulated benefit obligation	$ 249,661	$ 291,852
Projected benefit obligation	249,661	291,852
Statement of Funded Status		
Projected benefit obligation	$(249,661)	$(291,852)
Fair value of plan assets	289,976	317,278
Funded status at end of year	$ 40,315	$ 25,426
Amounts Recognized in Statement of Financial Position		
Defined benefit pension assets	$ 40,315	$ 25,426
Defined benefit pension liabilities	-	-
Funded status	$ 40,315	$ 25,426
Amounts Recognized in Unrestricted Net Assets		
Net loss/(gain)	$ (45,388)	$ (43,953)
Transition obligation/(assets)	-	-
Total	$ (45,388)	$ (43,953)
Information for Pension Plans with an Accumulated Benefit Obligation in Excess of Plan Assets		
Projected benefit obligation	N/A	N/A
Accumulated benefit obligation	N/A	N/A
Fair value of plan assets	N/A	N/A

10. Retirement Plans, Continued

	2010	2009
Other Changes in Plan Assets and Benefit Obligations Recognized in Unrestricted Net Assets		
Net (gain)/loss	$ (1,435)	$(424,962)
Amortization of net gain/(loss)	-	-
Amortization of transition (obligation)/asset	-	-
Total recognized in unrestricted net assets	$ (1,435)	$(424,962)
Total recognized in net periodic benefit cost and other comprehensive income or unrestricted net asset	$ 1,521	$(408,260)

The estimated net loss, prior service cost and transition obligation for the defined benefit pension plans that will be amortized from unrestricted net assets into net periodic benefit cost over the next fiscal year are $-0-, $-0- and $-0-, respectively.

Expected Contributions to the Trust

2011 Expected plan contributions	$ N/A

Expected Benefit Payments from the Trust

2011 Expected benefit payments	(year 1)	$ 965
2012 Expected benefit payments	(year 2)	4,066
2013 Expected benefit payments	(year 3)	21,176
2014 Expected benefit payments	(year 4)	17,770
2015 Expected benefit payments	(year 5)	17,588
2016-2020 Expected benefit payments	(year 6-10)	84,530

Distribution of Fair Value of Assets by Investment Class

Investment Class	Percentage of Assets
Debt investments	0%
Equity Investments	100%
Other	0%
Fair value as of December 31, 2010	100%

11. Restrictions on Net Assets

Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes and programs:

	2010	2009
Current year general operations	$ 24,690	$ 54,491
Future years general operations	61,479	116,568
Oregon Beach and Riverside Cleanup	7,500	7,500
Great Oregon Spring Beach Cleanup	-	4,000
K-12 Youth Education	-	5,000
Project Oregon	7,500	7,000
SOLV IT	40,000	57,000
Team Up For Watershed Health	59,413	84,504
	$200,582	$336,063

Permanently Restricted

Permanently restricted net assets consist of a permanent endowment for Gift to Oregon support. Contributions to the permanent endowment totaled $140,170 and $-0- for 2010 and 2009, respectively.

Permanently restricted net assets consist of the following:

Cash	$ 78,600
Contributions receivable	61,570
Investments	1,299,867
	$1,440,037

12. Concentration of Credit Risk

Financial instruments which potentially subject the Organization to significant concentrations of credit risk consist primarily of cash.

SOLV restricts investment of cash and cash equivalents to financial institutions with high credit standing. These financial institutions have locations throughout the country. The Organization's periodic evaluations of the relative credit standing of these financial institutions are considered in the Organization's investment strategy.

12. Concentration of Credit Risk, Continued

Accounts at a financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The amount in excess of the FDIC limit totaled approximately $-0- and $-0- at December 31, 2010 and 2009, respectively.

Money market funds held in investments are not FDIC insured. Money market funds held in investments totaled $61,858 and $24,427 at December 31, 2010 and 2009, respectively.

13. In-Kind Contributions

SOLV recognizes contribution revenue for certain services and materials received at the fair value of those materials and services.

In-kind contributions consist of the following for 2010:

	Materials	Service	Total
Program services	$ 3,390	$ 227,315	$ 230,705
Management and general	-	-	-
Development	-	184,562	184,562
Recognition event	18,578	-	18,578
	$ 21,968	$ 411,877	$ 433,845

In-kind contributions consist of the following for 2009:

	Materials	Service	Total
Program services	$ 1,514	$ 137,201	$ 138,715
Management and general	-	-	-
Development	-	170	170
Recognition event	10,530	518	11,048
	$ 12,044	$ 137,889	$ 149,933