



I
TRUST

501(c)
AGENCIES TRUST



From Kirk Springsted...

It has been a privilege to serve as the chair of the Trust for the past two years. This is a truly unique organization in which professionals come together to oversee an enterprise that does so much good for nonprofits around the nation. The economy was in the doldrums during the first year of my term, and only marginally better the second. Nevertheless I wouldn't have wanted to serve at any other time. I got to see close up how hard the Trust and its administrators work to help members in the face of ballooning unemployment claims and other challenges.

The Trustees are particularly dedicated people who do their considerable homework, participate vigorously in committees and meetings and do their best for the members because, as nonprofit professionals, they know that what is good for the members is good for their organizations as well.

I particularly want to thank four trustees who, because of bylaw restrictions, left the board at the end of 2010. They are Virginia Clark, Shawn Mosey, Bill Underwood, and Russ Hayward. The Trust is much better off because of their many years of service.

My best wishes to all of you.

Kirk Springsted
Immediate Past Chair



From Marilyn Ditty...

This is the 29th annual report of our Trust. Elsewhere in the report you will find specifics about our performance during 2010 and our plans for 2011. I encourage you to read the various sections of this report to get a better understanding of the Trust's finances, operations, and services to members.

I want to thank our outgoing chair, Kirk Springsted, for the excellent work he has done during the past two years, which has been a challenging period. Kirk is a terrific leader who knows how to work with the dedicated nonprofit professionals who make up our board to accomplish the Trust's goals.

I expect 2011 will be a challenging year still for the Trust. The March 2011 reports on unemployment, GDP, and retail sales are up but everyone is still very cautious about the economy. Many nonprofits are experiencing layoffs and our Trust administrators are helping them manage this whole process so that the cost to the agency is kept as low as possible. I am very pleased with our HR Services and the help they have been to so many of our nonprofit HR managers. These are the benefits of belonging to the Trust.

If you have questions or concerns, please contact the Trust at (800) 442-4867.

My best wishes,
Marilyn Ditty
Chair

I TRUST...

For nearly three decades, nonprofits have been putting their trust in the 501(c) Agencies Trust and for good reason. The Trust saves members millions of dollars in unemployment costs every year. In an era when government grants are becoming scarce and both individual and philanthropic donors have even less to give, more than ever these savings are helping members meet the needs of the people they serve.

In addition to the dollar savings, the Trust provides members with unmatched measures of security. The Trust's stop loss insurance, the best in the industry, protects members from catastrophic loss. The professional claims representatives, with a history of winning 85% of the claims they challenge, protect members from having to pay out unjustified awards.

That has been just as true this past year in which the overall economic picture, though minimally improving, remained quite difficult. For much of the year the Bureau of Labor Statistics (BLS) reported that the unemployment rate remained close to 10%, before gradually dropping to 9.4% in the December BLS report.

State systems are having to borrow in record numbers of dollars from the federal government to meet their unemployment claims. At last report 31 state systems had borrowed \$42 billion dollars. Normally the federal government would force such states to raise their unemployment tax rates to meet their obligation, but the administration has been loath to do that for fear of impeding the recovery of the fragile economy. But, while state systems floundered, the Trust remained financially stable.

As the year neared its close, some bright spots appeared in the economic picture. The stock market continued to sustain a strong recovery. The Dow Jones Industrial Average, which had dipped perilously close to the 7,000 mark during the recession, once again climbed back above the 12,000 level, late 2010 GDP reports showed some glimmers of improvement, and there were signs that businesses were once again making plans to add new employees.

In spite of the mixed economic picture, the Trust's performance on behalf of members was quite good during the year.



Claims. Claims reached a record 41,000 during the year, up 3% from 2009 and 60% from 2008. The total amount of claims reimbursements paid on behalf of members reached \$53.5 million, a record total that was up 18% of the previous year and 95% over two years ago. Our claims professionals lodged successful protests against 5,700 of these claims, which resulted in a \$32 million reduction in liability to our members.

Stop Loss. The increase in claims was lessened for 43 members, thanks to the Trust's unique stop loss coverage. Collectively their reserve accounts were reimbursed \$1,478,982, because unemployment claims against them exceeded their deductible.

Membership. The Trust gained 61 new members with a combined gross annual payroll of \$183 million. We also added three new national marketing partners, The Arc, The U.S. Psychiatric Rehabilitation Association, and United Cerebral Palsy.

Investments. The resurgence of the markets led to a 12.2% return on members' investments during 2010. That, coupled with impressive returns during 2009, means that the portfolio has fully recovered from the investment loss it incurred during 2008.

HR Services. The professionals in HR Services responded to 2,478 phone inquiries from members, the second largest number in our history. As was the case last year, three reasons seem to be driving heavy volume: the need for more information by agencies who are undergoing staff reductions, the increasing complexity of employment law, and a greater awareness on the part of members of the value of this service.

Member Services. During the year, the Trust made nearly 4,250 contacts with members, a 29% increase from 2009. In addition to these one-on-one member contacts, monthly cost-saving tips and semi-annual newsletters that focused on emergency compensation extensions, ways to control costs, and similar unemployment subjects were sent out to our members. This past year educational efforts were more ambitious than ever, with attendance at workshops up 100% and participation in webinars up 250%.

Looking Forward

However the 2011 economy will turn out, we fully expect the Trust's performance to improve as well. We intend to continue our aggressive efforts to increase our membership: Support members by maintaining our high rate of challenging claims; expand our educational offerings so members can better manage the claims process and thus lower their costs; adjust our investment strategies so they are optimally aligned with objectives, member risk tolerance, and the existing economic climate; and encourage members to make the most use of the HR Services hotline and its other valuable features. At year's end, the Trust should be even stronger than it is today.

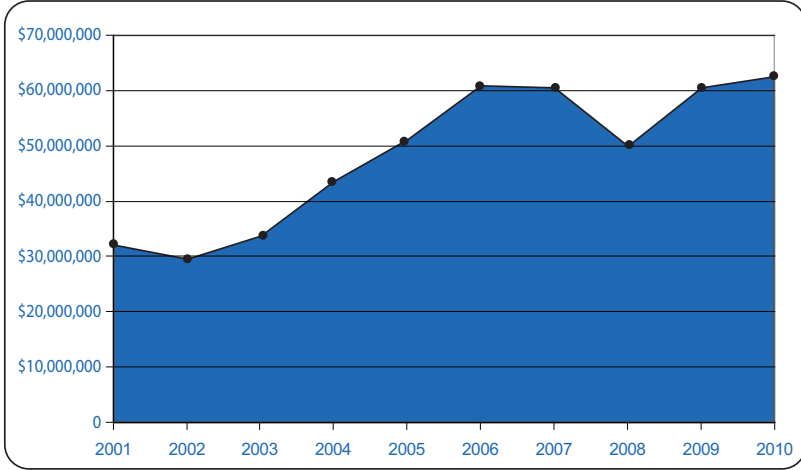


501(c) AGENCIES TRUST 2010 FINANCIAL STATEMENTS

Statement of Net Assets	2010	2009	2008
Cash & Investments	67,377,649	63,598,996	51,890,255
Receivables	2,567,142	3,408,048	2,685,259
Prepaid Expenses	143,569	93,158	46,882
Total Assets	70,088,360	67,100,202	54,622,396
Benefit Claims Payable	13,802,032	13,202,507	8,346,958
Accrued Operating Expenses	638,445	517,516	470,705
Total Liabilities	14,440,477	13,720,023	8,817,663
Members' Assets, Net of Accruals	51,473,082	50,239,507	43,793,908
L&I Retro Program Net Assets	3,284,639	2,191,918	1,046,988
Designated Net Assets	890,162	948,754	963,837
Total Net Assets	55,647,883	53,380,179	45,804,733
Total Liabilities & Net Assets	70,088,360	67,100,202	54,622,396

Statement of Changes in Members' Net Assets	2010	2009	2008
Deposits	61,711,778	58,618,692	39,971,851
L&I Retro Refund	2,477,228	1,137,506	(732,233)
Investment Income	4,628,981	8,854,664	(12,359,858)
Total Revenues	68,817,987	68,610,862	26,879,759
Claims Expense	(53,855,486)	(50,182,142)	(29,984,869)
Stop Loss Recovery	1,479,982	1,264,630	835,607
Insurance	(4,852,002)	(4,735,366)	(4,498,269)
Member Services	(6,858,893)	(6,341,697)	(6,040,438)
Total Operating Expenses	(64,086,399)	(59,994,575)	(39,687,969)
Member Withdrawal & Transfers	(1,463,884)	(1,040,841)	(1,113,272)
Member Distributions, L&I Retro Program	(1,000,000)	-	-
Other Adjustments		0	1,445
Total Other Changes in Net Assets	(2,463,884)	(1,040,841)	(1,111,827)
Total Change in Net Assets	2,267,704	7,575,446	(13,920,037)

TRUST RESERVES HISTORY 2001 - 2010



Fund Report 2001-2010

YEAR	BALANCE
2001	\$32,255,519
2002	\$29,632,269
2003	\$33,895,346
2004	\$43,577,586
2005	\$51,343,518
2006	\$61,096,116
2007	\$60,794,790
2008	\$49,981,451
2009	\$60,477,636
2010	\$62,680,095

Building RESERVES over time is your best preparation for unpredictable claims. Unlike in the state system, your reserve account is owned by you.



501(c) AGENCIES TRUST BOARD OF TRUSTEES



Marilyn Ditty
Chair
Chief Executive Director
Age Well Senior Services, Inc



Debby Graham
Vice Chair
Executive Director
CenterForce



Pete Grignon
Secretary/Treasurer
VP of Finance
United Way of Pierce County



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Rio Rancho Public Schools



Carol Frye
Chief Operating Officer
United Way of
Columbia-Willamette



Araceli Gaytan
Chief Financial Officer
Virginia Garcia Memorial
Health Center



Irv Katz
President and CEO
National Human
Services Assembly



Gwendolyn Lee
Executive Director
The Arc of Anchorage



Daphne Logan
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 VP of Finance, CFO
 Aloha United Way



Jim Mellor
 Chief Financial Officer
 YMCA of the USA



Peggy Sanchez Mills
 Chief Executive Officer
 Girl Scouts of New Mexico
 Trails, Inc



Dennis Morrow
 Executive Director
 Janus Youth Programs, Inc.



Lorraine Orr
 Senior VP of Field Services
 Boys & Girls Clubs of America



Kirk Springsted
 VP of Administration
 Connecticut Community
 Providers Association



Deb Stock
 Chief Executive Officer
 YWCA USA



Bill Tsoukalas
 Executive Director
 Boys & Girls Clubs of
 Snohomish County

NATIONAL AND REGIONAL RELATIONSHIPS

Alliance for Children and Families

Association of Jewish Family & Children's Agencies

Boys & Girls Clubs of America

California Alliance of Child & Family Services

California State Rural Health Association

The Corps Network

Feeding America

"I Have A Dream" Foundation

Indiana Association of Rehabilitation Facilities, Inc. (INARF)

Jewish Community Centers Association

National Human Services Assembly

National Rural Health Association

Oregon Rehabilitation Association

State Use Programs Association, Inc. (SUPRA)

United Cerebral Palsy

U.S. Psychiatric Rehabilitation Association

UNICEF

United Methodist Association

YMCA of the USA

YWCA - USA



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501(c) Agencies Trust

10080 N. Wolfe Rd., SW3, Suite 250, Cupertino, CA 95014 | www.501cTrust.org | T: (800) 442-4867 | F: (800) 449-8563

Trust Administrator **501(c) Services**

Claims Manager **TALX**

L & I Manager **Integrated Claims Management**

Bank **Comerica Bank**

Investment Management Consultant **Wurts & Associates**

Insurance Carrier **Ohio Indemnity Company**

Independent Auditor **Vavrinek, Trine, Day & Company**

Legal Counsel **Birmingham, Thorson & Barnett**