



## United Way of Lane County

**FINANCIAL STATEMENTS**

**June 30, 2019 and 2018**

*Jones & Roth*

CPAs & Business Advisors

UNITED WAY OF LANE COUNTY  
FINANCIAL STATEMENTS  
June 30, 2019 and 2018

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
United Way of Lane County  
Springfield, Oregon

We have audited the accompanying financial statements of United Way of Lane County (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

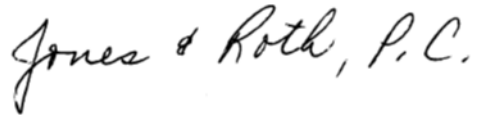
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## 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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Jones & Roth, P.C.".

Jones & Roth, P.C.  
Eugene, Oregon  
December 4, 2019

## FINANCIAL STATEMENTS

UNITED WAY OF LANE COUNTY  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2019 and 2018

	2019	2018
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,080,251	\$ 2,447,460
Grant, contracts, and other receivables	550,843	643,479
Pledges receivable, net	944,748	934,568
Prepaid expenses and other assets	10,683	7,288
Total current assets	3,586,525	4,032,795
<b>Long-term investments</b>	1,000,763	927,959
<b>Property, plant, and equipment, net</b>	525,701	536,646
<b>Other non-current assets</b>	40,253	40,253
<b>Total assets</b>	\$ 5,153,242	\$ 5,537,653
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 613,170	\$ 579,999
Accrued liabilities	115,421	112,946
Donor designations payable	366,282	416,250
Agency allocations payable	1,100,000	842,004
Total current liabilities	2,194,873	1,951,199
<b>Net assets</b>		
Net assets without donor restrictions	1,994,810	2,228,987
Net assets with donor restrictions:		
Restricted by purpose or time	572,029	1,019,145
Restricted in perpetuity	391,530	338,322
Total net assets with donor restrictions	963,559	1,357,467
Total net assets	2,958,369	3,586,454
<b>Total liabilities and net assets</b>	\$ 5,153,242	\$ 5,537,653

The accompanying notes are an integral part of these statements.

UNITED WAY OF LANE COUNTY  
STATEMENTS OF ACTIVITIES  
For the Years Ended June 30, 2019 and 2018

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public support and revenue</b>			
Gross campaign results	\$ 1,977,756	\$ 1,083,461	\$ 3,061,217
Less donor designations	-	(1,015,104)	(1,015,104)
Less provision for uncollectible pledges	(96,460)	(17,316)	(113,776)
	1,881,296	51,041	1,932,337
Grant and contract revenue	191,142	4,365,402	4,556,544
In-kind support	-	-	-
Sponsorships and events	87,815	1,000	88,815
Service revenue and other	156,460	26,441	182,901
Planned giving contributions	39,123	50,000	89,123
Net assets released from restrictions	4,887,792	(4,887,792)	-
	7,243,628	(393,908)	6,849,720
<b>Total public support and revenue</b>	<b>7,243,628</b>	<b>(393,908)</b>	<b>6,849,720</b>
<b>Expenses</b>			
Program services:			
Program grant awards and assistance	5,468,307	-	5,468,307
Less donor designations	(1,015,104)	-	(1,015,104)
	4,453,203	-	4,453,203
Net program grant awards and assistance	4,453,203	-	4,453,203
Other program expenses	2,327,130	-	2,327,130
	6,780,333	-	6,780,333
Total program services	6,780,333	-	6,780,333
Supporting services:			
Administrative and general	275,057	-	275,057
Fundraising	422,415	-	422,415
	7,477,805	-	7,477,805
Total expenses	7,477,805	-	7,477,805
<b>Change in net assets</b>	<b>(234,177)</b>	<b>(393,908)</b>	<b>(628,085)</b>
Net assets, beginning of year	2,228,987	1,357,467	3,586,454
Net assets, end of year	\$ 1,994,810	\$ 963,559	\$ 2,958,369

2018		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 2,052,796	\$ 1,113,517	\$ 3,166,313
-	(1,031,028)	(1,031,028)
<u>(79,605)</u>	<u>(40,789)</u>	<u>(120,394)</u>
1,973,191	41,700	2,014,891
253,196	5,008,401	5,261,597
62,404	-	62,404
96,730	-	96,730
200,083	30,492	230,575
250,000	-	250,000
<u>5,106,279</u>	<u>(5,106,279)</u>	<u>-</u>
<u>7,941,883</u>	<u>(25,686)</u>	<u>7,916,197</u>
5,578,026	-	5,578,026
<u>(1,031,028)</u>	<u>-</u>	<u>(1,031,028)</u>
4,546,998	-	4,546,998
<u>2,161,991</u>	<u>-</u>	<u>2,161,991</u>
6,708,989	-	6,708,989
268,845	-	268,845
<u>511,861</u>	<u>-</u>	<u>511,861</u>
<u>7,489,695</u>	<u>-</u>	<u>7,489,695</u>
452,188	(25,686)	426,502
<u>1,776,799</u>	<u>1,383,153</u>	<u>3,159,952</u>
<u>\$ 2,228,987</u>	<u>\$ 1,357,467</u>	<u>\$ 3,586,454</u>

The accompanying notes are an integral part of these statements.



UNITED WAY OF LANE COUNTY  
STATEMENTS OF CASH FLOWS  
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (628,085)	\$ 426,502
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	21,035	18,830
Unrealized gain on long-term investments	(56,271)	(78,838)
(Increase) decrease in:		
Grant, contracts, and other receivables	92,636	126,470
Pledges receivable, net	(10,180)	50,445
Prepaid expenses and other assets	(3,395)	1,372
Increase (decrease) in:		
Accounts payable	33,171	(44,646)
Accrued liabilities	2,475	6,018
Donor designations payable	(49,968)	(32,725)
Agency allocations payable	<u>257,996</u>	<u>-</u>
 Net cash provided (used) by operating activities	 <u>(340,586)</u>	 <u>473,428</u>
 <b>Cash flows from investing activities</b>		
Purchases of property, plant, and equipment	(10,090)	(14,607)
Purchases of long-term investments	(53,208)	-
Withdrawals from long-term investments	36,675	18,015
Net deposits to unemployment reserve	<u>-</u>	<u>(4,082)</u>
 Net cash used by investing activities	 <u>(26,623)</u>	 <u>(674)</u>
 <b>Net increase (decrease) in cash and cash equivalents</b>	 (367,209)	 472,754
 Cash and cash equivalents, beginning of year	 <u>2,447,460</u>	 <u>1,974,706</u>
 Cash and cash equivalents, end of year	 <u>\$ 2,080,251</u>	 <u>\$ 2,447,460</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF LANE COUNTY  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2019

	Program Services			Total Program Services
	Community	Education	Health	
Grant awards and assistance	\$ 1,097,996	\$ 3,355,207	\$ -	\$ 4,453,203
Program contract services	-	617,580	-	617,580
Community program outreach	56,952	33,386	16,922	107,260
Salary and wages	339,263	565,748	166,506	1,071,517
Payroll benefits	40,242	98,130	29,558	167,930
Payroll taxes	25,006	45,331	12,982	83,319
Occupancy	1,744	3,210	922	5,876
Professional fees	2,049	13,772	1,084	16,905
Marketing and outreach	9,116	76,876	2,105	88,097
Staff development and meetings	4,419	17,380	2,688	24,487
Copying and printing	1,677	2,169	598	4,444
Credit card and other service charges	1,561	2,874	826	5,261
Depreciation	3,017	5,552	1,595	10,164
Dues and subscriptions	1,472	2,526	726	4,724
Equipment rental	2,928	5,390	1,549	9,867
Insurance	1,257	4,291	665	6,213
Meals and entertainment	437	1,591	226	2,254
Miscellaneous expense	304	560	161	1,025
Office supplies	2,683	3,810	1,320	7,813
National affiliate dues	5,954	10,959	3,149	20,062
Postage and delivery	694	1,490	511	2,695
Repairs and maintenance	3,707	6,823	1,961	12,491
Technology expense	7,579	23,978	4,870	36,427
Travel expenses	3,660	5,400	2,035	11,095
Utilities	3,699	4,603	1,322	9,624
<b>Total expenses</b>	<b>\$ 1,617,416</b>	<b>\$ 4,908,636</b>	<b>\$ 254,281</b>	<b>\$ 6,780,333</b>

<u>Supporting Services</u>			
<u>Administrative and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 4,453,203
-	-	-	617,580
-	-	-	107,260
165,155	202,376	367,531	1,439,048
37,052	45,402	82,454	250,384
13,692	16,778	30,470	113,789
2,824	3,461	6,285	12,161
3,319	4,067	7,386	24,291
-	85,367	85,367	173,464
3,173	3,888	7,061	31,548
1,516	1,858	3,374	7,818
2,529	3,099	5,628	10,889
4,885	5,986	10,871	21,035
2,223	2,724	4,947	9,671
4,743	5,812	10,555	20,422
2,036	2,495	4,531	10,744
608	745	1,353	3,607
493	604	1,097	2,122
2,183	2,675	4,858	12,671
9,643	11,817	21,460	41,522
1,022	1,252	2,274	4,969
6,003	7,356	13,359	25,850
6,771	8,297	15,068	51,495
1,139	1,396	2,535	13,630
4,048	4,960	9,008	18,632
<u>\$ 275,057</u>	<u>\$ 422,415</u>	<u>\$ 697,472</u>	<u>\$ 7,477,805</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF LANE COUNTY  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2018

	Program Services				Total Program Services
	Community	Education	Health	Financial Stability	
Grant awards and assistance	\$ 841,837	\$ 3,705,161	\$ -	\$ -	\$ 4,546,998
Program contract services	-	606,561	-	-	606,561
Community program outreach	34,985	77,466	3,411	280	116,142
Salary and wages	287,244	566,233	120,303	3,131	976,911
Payroll benefits	31,210	84,309	25,463	46	141,028
Payroll taxes	24,371	47,009	9,503	243	81,126
Occupancy	1,361	2,796	617	3	4,777
Professional fees	2,760	20,411	1,252	6	24,429
Marketing and outreach	9,796	18,585	3,846	-	32,227
Staff development and meetings	3,223	19,044	3,142	5	25,414
Copying and printing	931	2,201	497	2	3,631
Credit card and other service charges	1,967	4,042	895	4	6,908
Depreciation	2,438	5,009	1,106	6	8,559
Dues and subscriptions	1,259	2,586	1,084	3	4,932
Equipment rental	2,168	4,648	983	5	7,804
Insurance	1,078	4,357	489	2	5,926
Meals and entertainment	651	1,408	117	-	2,176
Miscellaneous expense	1,484	1,563	-	-	3,047
Office supplies	2,762	3,765	1,284	3	7,814
National affiliate dues	5,654	11,614	2,564	13	19,845
Postage and delivery	772	1,487	287	1	2,547
Repairs and maintenance	3,293	6,765	1,063	5	11,126
Taxes	16	33	7	-	56
Technology expense	7,744	39,887	2,870	9	50,510
Travel expenses	2,202	5,831	1,411	1	9,445
Utilities	3,437	4,594	1,014	5	9,050
<b>Total expenses</b>	<b><u>\$ 1,274,643</u></b>	<b><u>\$ 5,247,365</u></b>	<b><u>\$ 183,208</u></b>	<b><u>\$ 3,773</u></b>	<b><u>\$ 6,708,989</u></b>

Supporting Services

<u>Administrative and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 4,546,998
-	-	-	606,561
-	-	-	116,142
160,974	227,432	388,406	1,365,317
35,498	50,153	85,651	226,679
14,567	20,581	35,148	116,274
2,377	3,358	5,735	10,512
4,819	6,808	11,627	36,056
-	132,022	132,022	164,249
4,127	5,831	9,958	35,372
1,563	2,209	3,772	7,403
3,435	4,853	8,288	15,196
4,257	6,015	10,272	18,831
2,198	3,106	5,304	10,236
3,786	5,349	9,135	16,939
1,883	2,660	4,543	10,469
323	456	779	2,955
-	-	-	3,047
2,111	2,982	5,093	12,907
9,871	13,947	23,818	43,663
991	1,400	2,391	4,938
4,091	5,780	9,871	20,997
28	40	68	124
6,973	9,852	16,825	67,335
1,068	1,510	2,578	12,023
3,905	5,517	9,422	18,472
<u>\$ 268,845</u>	<u>\$ 511,861</u>	<u>\$ 780,706</u>	<u>\$ 7,489,695</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF LANE COUNTY  
NOTES TO FINANCIAL STATEMENTS

**1. Organization and Summary of Significant Accounting Policies**

**Nature of Organization**

United Way of Lane County (UWLC) is an Oregon nonprofit that works to ensure kids are successful in school and life. United Way focuses on four priority outcomes including stable and healthy families, kindergarten readiness, success in elementary school and youth gain a pathway to productivity. To do this, United Way brings together the passionate individuals and organizations that have the knowledge and resources to get things done, engaging leadership from every sector in developing strategies that will change systems and investing in collaborative programs and initiatives that address our community's pervasive social issues.

UWLC leverages donor dollars alongside federal, state, and local grants and private funding to positively impact the community. Each year, UWLC conducts workplace campaigns that allow donors to invest in three distinct ways:

- Unrestricted donations to UWLC are invested in local, nonprofit programs across health, education, financial stability, and basic needs. Community Investment Volunteers allocate unrestricted dollars to partner agencies based on UWLC's strategic initiatives and the basic needs of the community.
- Donors may also direct their contributions to a strategic area of health, education, and financial stability. These funds are reflected in the available funds for the Community Investment process described above.
- Donors may also designate contribution to a specific nonprofit or nonprofit program. Pledges designated by donors to specific nonprofit organizations are segregated as such in the accompanying statements of financial position.

**Change in Accounting Principle**

During the year ended June 30, 2019, UWLC adopted the provisions of the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) No. 2016-14: *Presentation of Financial Statements of Not-for-Profit Entities*. The standard was applied on a retrospective basis with no impact to total net assets with or without donor restrictions. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and availability of resources.

**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 (U.S. GAAP). Revenue and gains are recognized when earned and expenses and losses are recognized when incurred.

Net assets and revenue are classified based on the existence or absence of donor-imposed restrictions. Net assets of UWLC and changes therein are classified into the following two categories:

*Net assets without donor restrictions* – represent expendable funds that are available for support of UWLC. Some of these amounts have been designated by the Board of Directors (the Board) to be utilized for various purposes.

UNITED WAY OF LANE COUNTY  
NOTES TO FINANCIAL STATEMENTS

**1. Organization and Summary of Significant Accounting Policies, continued**

**Basis of Accounting, continued**

*Net assets with donor restrictions* – consist of net assets that have been restricted by the donor for specific purposes or are not available for use until a specific time. Net assets with donor restrictions also include net assets 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.

Revenue is reported as with or without donor restrictions based on the existence or lack of donor-imposed restrictions. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in net assets without donor restrictions 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 nonprofit agency. In these cases, UWLC 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 statements of activities, these transactions have been included within “gross campaign results” and then subtracted and presented distinctly as “donor designations.”

**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 those estimates.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash maintained in checking and savings accounts and highly liquid investments with original maturities of 90 days or less.

**Long-term Investments**

UWLC has long-term investments held with the Oregon Community Foundation (OCF). The investments are considered a beneficial interest in the assets of OCF. The agreement with OCF stipulates the funds are held and owned by OCF; however, UWLC may request distributions of the funds, even to the exhaustion of the funds and OCF does not have variance power with respect to the funds. UWLC accounts for the funds held with OCF as a beneficial interest in the assets of OCF in accordance with U.S. GAAP. Income or loss (including gains and losses on investments, interest, and dividends) are included in the statements of activities as increases or decreases in net assets without donor restrictions, unless the income or loss is restricted by donor or law.

**Grant, Contracts, and Other Receivables**

Credit risk associated with grant, contracts, and other receivables are periodically reviewed by management. An allowance for uncollectible accounts is established if considered necessary by management. UWLC does not have access to collateral for its receivables. Grants and other receivables are collectible in the current year and stated at the amount UWLC expects to receive.

UNITED WAY OF LANE COUNTY  
NOTES TO FINANCIAL STATEMENTS

**1. Organization and Summary of Significant Accounting Policies, continued**

**Pledges Receivable**

Pledges (promises to give) received from companies and individuals are uncollateralized and recorded in full when pledges are made. All pledges are due within one year. Allowances are provided by campaign year based on amounts estimated to be uncollectible, which are based on past collection experience. Pledges receivable are expected to be collected in the next fiscal year and are stated at the amount UWLC expects to collect.

**Property, Plant, and Equipment**

Purchased property, plant, and equipment are recorded at cost. Donated equipment is recorded at its estimated fair market value on the date of the gift. UWLC has a capitalization policy of \$5,000. 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.

**Endowment Classification and Distributions**

UWLC has adopted the Oregon Uniform Prudent Management of Institutional Funds Act (OR-UPMIFA), requiring the long-term preservation of the purchasing power of the original gift of donor-restricted, endowment funds absent explicit donor stipulations to the contrary.

For financial statement presentation purposes, UWLC classifies as net assets with perpetual donor restrictions (a) all funds explicitly stated by the donor to be retained permanently and (b) absent such stipulation, the fair value on the date of gift or gifts donated to the perpetually restricted endowment. The remaining portion of the donor-restricted, endowment fund that is not classified in net assets with perpetual donor restrictions represents net, unappropriated, endowment, investment income and is classified as net assets without donor restrictions. Those amounts are designated for expenditure by UWLC in a manner consistent with the standard of prudence prescribed by OR-UPMIFA. If, as a result of investment losses or appropriations (board-authorized distributions), the fair value of endowment assets is less than the donor-restricted amounts, the deficiencies are included in net assets with donor restrictions. UWLC had no endowment funds that were underwater as of June 30, 2019 and 2018.

When considering appropriation for distribution or accumulation of endowment funds, absent a specifically stated requirement in the gift instrument, UWLC makes a good faith application of the approved UWLC spending policy considering (a) the duration and preservation of the fund; (b) the purposes of UWLC and the endowment fund; (c) general economic conditions; (d) the possible effects of inflation and deflation; (e) the expected total return from income and the appreciation of investments; (f) other resources of UWLC; and (g) the investment policies of UWLC. The good-faith application of the approved UWLC spending policy may result in the fair value of endowment assets being below the level determined as net assets with perpetual donor restrictions for financial statement presentation purposes.

**Advertising, Marketing, and Public Relations Expense**

UWLC expenses advertising, marketing, and public relations costs as incurred. Such expenses totaled \$89,317 and \$88,736 for the years ended June 30, 2019, and 2018, respectively, and include in-kind advertising of \$-0- and \$62,404, respectively.



UNITED WAY OF LANE COUNTY  
NOTES TO FINANCIAL STATEMENTS

**1. Organization and Summary of Significant Accounting Policies, continued**

**Income Tax Status**

Under the provisions of the Internal Revenue Code (IRC) Section 501(c)(3) and applicable state law, UWLC has been granted exemption from state and federal income taxes.

**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 totaling \$-0- and \$62,404 for the years ended June 30, 2019, and 2018, respectively, are reflected as "in-kind support" at their estimated fair values at the date of receipt. Donated materials are comprised of equipment, supplies, and food. 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, fundraising events and office support, but do not meet these criteria and are therefore not recorded in the financial statements.

**Reclassifications**

Certain prior year amounts have been reclassified to conform to current year presentation. Such reclassifications had no effect on previously reported net assets or change in net assets.

**2. Liquidity and Availability of Resources**

UWLC has a policy to manage its liquidity and reserves in order to meet its needs to fund operating expenditures. The following table reflects UWLC's financial assets (cash, investments, and receivables) as of June 30, 2019, reduced by amounts not available for general expenditures within one year:

Total financial assets	\$ 4,576,605
Less those unavailable for general expenditure within one year due to:	
Donor designations payable	(366,282)
Restricted by purpose or time	(572,029)
Restricted in perpetuity	(391,530)
Board designated	<u>(800,000)</u>
Financial assets available for general expenditure	<u>\$ 2,446,764</u>

UNITED WAY OF LANE COUNTY  
NOTES TO FINANCIAL STATEMENTS

**2. Liquidity and Availability of Resources, continued**

UWLC also has access to a revolving line of credit agreement with Columbia Bank which permits borrowing up to \$100,000 that could be drawn upon in the event of an anticipated liquidity need. The agreement permits borrowing up to \$100,000 at a variable interest rate of prime plus zero percent per annum with a floor of 4.5 percent and expires March 14, 2021. The credit line is secured by substantially all assets of UWLC. As of June 30, 2019 and 2018, UWLC had no balance on this line of credit.

**3. Grants, Contracts, and Other Receivables**

At June 30, grants, contracts, and other receivables were comprised of the following:

	<u>2019</u>	<u>2018</u>
Grants and contracts receivable	\$ 550,518	\$ 640,979
Other receivables	<u>325</u>	<u>2,500</u>
Total grants, contracts, and other receivables	<u>\$ 550,843</u>	<u>\$ 643,479</u>

**4. Pledges Receivable**

At June 30, pledges receivable were comprised of the following:

	<u>2019</u>	<u>2018</u>
Pledges receivable	\$ 1,093,543	\$ 1,089,067
Allowance for uncollectible pledges	<u>(148,795)</u>	<u>(154,499)</u>
Pledges receivable, net	<u>\$ 944,748</u>	<u>\$ 934,568</u>

**5. Property, Plant, and Equipment**

At June 30, property, plant, and equipment consisted of the following:

	<u>2019</u>	<u>2018</u>
Land	\$ 296,000	\$ 296,000
Building	419,000	419,000
Equipment	<u>301,293</u>	<u>291,203</u>
	1,016,293	1,006,203
Accumulated depreciation	<u>(490,592)</u>	<u>(469,557)</u>
Property, plant, and equipment, net	<u>\$ 525,701</u>	<u>\$ 536,646</u>

Depreciation expense for the years ended June 30, 2019 and 2018, was \$21,035 and \$18,830, respectively.

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**6. Investments and Fair Value Measurements**

UWLC has adopted authoritative 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 fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1: Inputs are quoted prices in active markets for identical assets or liabilities for which UWLC has the ability to access at the measurement date.

Level 2: Inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment is based on the lowest level of input that is significant to the fair value measurement.

UWLC has segregated all financial assets and liabilities that are measured at fair value on a recurring basis (or 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.

The following tables set forth by level, within the fair value hierarchy, UWLC’s investments at fair value as of June 30:

	Assets at Fair Value as of June 30, 2019			
	Level 1	Level 2	Level 3	Total
Long-term investments held at OCF	\$ -	\$ -	\$ 1,000,763	\$ 1,000,763

	Assets at Fair Value as of June 30, 2018			
	Level 1	Level 2	Level 3	Total
Long-term investments held at OCF	\$ -	\$ -	\$ 927,959	\$ 927,959

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**6. Investments and Fair Value Measurements, continued**

*Level 3 measurements:* Long-term investments held at OCF represent UWLC's share of a pooled investment portfolio managed by OCF. UWLC's share of the pooled investment portfolio is not actively traded and significant other observable inputs are not available. However, the underlying investments of OCF are measured by management of OCF using a variety of valuation methods including the use of Level 1, Level 2, and Level 3 inputs. See Note 9 for reconciliation of changes in assets measured with Level 3 inputs.

**7. Board-designated Reserve Funds**

The Board of Directors of UWLC has designated a portion of UWLC's net assets without donor restrictions as reserve funds. At June 30, 2019 and 2018, the amount of the board-designated reserve fund was \$800,000 which was designated as follows: \$400,000 as an operating reserve, \$300,000 as an agency allocation reserve, and \$100,000 as a capital improvements and maintenance reserve.

**8. Net Assets With Donor Restrictions**

At June 30, net assets with donor restrictions consisted of:

	<u>2019</u>	<u>2018</u>
Net assets restricted by purpose or time:		
Restricted for education programs	\$ 495,246	\$ 933,182
Restricted for health programs	<u>76,783</u>	<u>85,963</u>
Total net assets restricted by purpose or time	572,029	1,019,145
Net assets restricted in perpetuity (Note 9)	<u>391,530</u>	<u>338,322</u>
Total net assets with donor restrictions	<u>\$ 963,559</u>	<u>\$ 1,357,467</u>

**9. Endowment**

UWLC's endowment consists of donor-restricted, endowment funds, and board-designated endowment funds. The investment objectives are to invest the endowment funds in a manner that will maximize the benefit intended by the donors and the Board, produce current income to support the programs of UWLC, and protect the principal of the funds. The endowment funds have been invested with OCF and the funds are deemed to be held and owned by OCF as a component fund.

Authorized distributions (appropriations) are retained as net assets with donor restrictions until disbursement is authorized by UWLC officials consistent with the terms of the gift. Such amounts are then transferred from net assets with donor restrictions to net assets without donor restrictions and the disbursement is reported as a decrease in net assets without donor restrictions.

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**9. Endowment, continued**

For the years ended June 30, 2019 and 2018, the following table summarizes activity in endowment funds:

	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose Restrictions	Perpetual Endowment	
Endowment net assets - July 1, 2017	\$ 499,856	\$ 28,958	\$ 338,322	\$ 867,136
Interest and dividends	4,958	2,351	-	7,309
Investment income	51,632	24,488	-	76,120
Expenses	(3,114)	(1,477)	-	(4,591)
Distributions	<u>(12,255)</u>	<u>(5,760)</u>	<u>-</u>	<u>(18,015)</u>
Endowment net assets - June 30, 2018	541,077	48,560	338,322	927,959
Contributions	-	-	53,208	53,208
Interest and dividends	4,732	2,195	-	6,927
Investment income	37,862	16,262	-	54,124
Expenses	(3,210)	(1,460)	-	(4,670)
Distributions	<u>(25,711)</u>	<u>(11,074)</u>	<u>-</u>	<u>(36,785)</u>
Endowment net assets - June 30, 2019	<u>\$ 554,750</u>	<u>\$ 54,483</u>	<u>\$ 391,530</u>	<u>\$ 1,000,763</u>

**10. Retirement Plan**

Full-time employees that have met service requirements are covered by a Simplified Employee Pension (SEP), a defined-contribution, retirement plan. Employer contributions are discretionary and established annually by the Board. Employer contributions totaled \$32,859 and \$33,870 for the years ended June 30, 2019 and 2018, respectively.

**11. 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 an other non-current asset. Actual and anticipated claims are evaluated by management and an associated liability, when appropriate, is recorded. The total reserve account asset totaled \$40,253 at both June 30, 2019 and 2018, and estimated claims outstanding included in accrued liabilities, totaled zero and \$4,704 at June 30, 2019 and 2018, respectively.

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**11. Commitments and Contingencies, continued**

*Operating leases* - UWLC has several non-cancelable operating leases, primarily for various forms of equipment, that expire through February 2021. Those leases generally contain renewal options for periods ranging from 3 to 10 years and require UWLC to pay executory costs such as maintenance and insurance. Rental expense for those leases totaled \$16,221 and \$12,188 for the years ended June 30, 2019 and 2018, respectively.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of June 30, 2019, are:

<u>Year ending June 30,</u>	
2020	\$ 14,085
2021	<u>4,479</u>
	<u>\$ 18,564</u>

**12. Accounting for Uncertain Tax Positions**

UWLC accounts for uncertain tax positions in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10, *Income Taxes*. UWLC is not aware of any activities which would terminate its tax-exempt status. 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, 2019 and 2018.

**13. Concentrations**

**Concentration of Revenue Sources and Receivables**

For the years ended June 30, 2019 and 2018, revenue from one and two governmental agencies accounted for 53 percent and 57 percent, respectively, of total revenue. As of June 30, 2019 and 2018, receivables from two governmental agencies accounted for approximately 90 percent and 99 percent, respectively, of total grants, contracts, and other receivables.

**Concentrations of Custodial Risk Arising From Cash Deposits in Excess of Insured Limits**

Cash is deposited with four regional, financial institutions. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA) up to \$250,000. At June 30, 2019 and 2018, bank balances held in excess of FDIC and NCUA limits were \$1,465,022 and \$1,852,565, respectively.

**14. Subsequent Events**

Management evaluates events and transactions that occur after the statement of financial position date as potential subsequent events. Management has performed this evaluation through the date of the independent auditor's report.