

UNITED WAY OF JACKSON COUNTY, INC.

FINANCIAL STATEMENTS

Years Ended JUNE 30, 2013 and JUNE 30, 2012

WITH

INDEPENDENT AUDITORS' REPORT

UNITED WAY OF JACKSON COUNTY, INC.

Years ended June 30, 2013 and June 30, 2012

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Certified Public Accountants  
and Business Advisors

Independent Auditors' Report

To the Board of Directors  
United Way of Jackson County, Inc.

We have audited the accompanying financial statements of United Way of Jackson County, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2013 and June 30, 2012, 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 audit to obtain reasonable assurance about whether the financial statements are free of 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 Jackson County, Inc. as of June 30, 2013 and June 30, 2012, 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 black ink that reads 'Isler Medford, LLC'. The signature is written in a cursive, flowing style.

Isler Medford, LLC  
Medford, Oregon  
September 25, 2013

United Way of Jackson County, Inc.  
 Statements of Financial Position  
 June 30, 2013 and June 30, 2012

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 39,308	\$ 54,796
Current portion of pledges receivable, net	216,228	257,743
Prepaid expenses	967	637
Other receivables	538	-
Total Current Assets	257,041	313,176
Property and Equipment, net	17,632	22,160
<b>Other Assets</b>		
Noncurrent portion of pledges receivable, net	25,813	36,609
Beneficial interest in funds held by Oregon Community Foundation	449,861	427,332
Total Other Assets	475,674	463,941
<b>Total Assets</b>	<b>\$ 750,347</b>	<b>\$ 799,277</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 13,607	\$ 24,933
Undesignated allocations payable	35,106	28,032
Designations payable	99,540	82,216
Note payable - line of credit	-	35,000
Total liabilities	148,253	170,181
<b>Net Assets</b>		
Unrestricted	434,159	438,928
Temporarily restricted	54,819	77,052
Permanently restricted	113,116	113,116
Total Net Assets	602,094	629,096
<b>Total Liabilities and Net Assets</b>	<b>\$ 750,347</b>	<b>\$ 799,277</b>

United Way of Jackson County, Inc.  
Statement of Activities  
For the Year ended June 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues, Gains and Other Support</b>				
Current year campaign contributions	\$ 911,512	\$ -	\$ -	\$ 911,512
Current year campaign contributions restricted by purpose	-	58,900	-	58,900
Current year campaign contributions restricted by time	-	70,146	-	70,146
Total campaign contributions	911,512	129,046	-	1,040,558
Less allowance for uncollectable pledges	(49,732)	-	-	(49,732)
Less donor designations	(149,685)	-	-	(149,685)
Total campaign revenue	712,095	129,046	-	841,141
Non-campaign revenue	10,627	-	-	10,627
Noncash contributions	38,826	-	-	38,826
Sponsorships for community projects	12,014	-	-	12,014
Change in value of beneficial interest	41,983	-	-	41,983
Net assets released from restrictions	151,279	(151,279)	-	-
Total revenues, gains and other support	966,824	(22,233)	-	944,591
<b>Allocations and Expenses</b>				
Functional expenses				
Program services	765,929	-	-	765,929
Management and general	91,758	-	-	91,758
Fundraising	103,589	-	-	103,589
Total functional expenses	961,276	-	-	961,276
Payments to affiliates	10,317	-	-	10,317
Total allocations and expenses	971,593	-	-	971,593
Change in Net Assets	(4,769)	(22,233)	-	(27,002)
Net Assets at Beginning of Year	438,928	77,052	113,116	629,096
Net Assets at End of Year	\$ 434,159	\$ 54,819	\$ 113,116	\$ 602,094

United Way of Jackson County, Inc.  
Statement of Activities  
For the Year ended June 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Revenues, Gains and Other Support</b>				
Current year campaign contributions	\$ 900,922	\$ -	\$ -	\$ 900,922
Current year campaign contributions restricted by purpose	-	47,965	-	47,965
Current year campaign contributions restricted by time	-	44,084	-	44,084
Total campaign contributions	900,922	92,049	-	992,971
Less allowance for uncollectable pledges	(45,089)	-	-	(45,089)
Less donor designations	(129,702)	-	-	(129,702)
Total campaign revenue	726,131	92,049	-	818,180
Non-campaign revenue	2,529	-	-	2,529
Noncash contributions	53,835	-	-	53,835
Sponsorships for community projects	6,851	-	-	6,851
Change in value of beneficial interest	(19,130)	-	-	(19,130)
Loss on sale of equipment	(700)	-	-	(700)
Net assets released from restrictions	277,931	(277,931)	-	-
Total revenues, gains and other support	1,047,447	(185,882)	-	861,565
<b>Allocations and Expenses</b>				
Functional expenses				
Program services	735,970	-	-	735,970
Management and general	90,001	-	-	90,001
Fundraising	101,465	-	-	101,465
Total functional expenses	927,436	-	-	927,436
Payments to affiliates	10,233	-	-	10,233
Total allocations and expenses	937,669	-	-	937,669
Change in Net Assets	109,778	(185,882)	-	(76,104)
Net Assets at Beginning of Year	329,150	262,934	113,116	705,200
Net Assets at End of Year	\$ 438,928	\$ 77,052	\$ 113,116	\$ 629,096

United Way of Jackson County, Inc.  
Statement of Functional Expenses  
For the Year ended June 30, 2013

Expenses	Program Services	Management and General	Fund Raising	Total Expenses
Allocations to agencies	\$ 303,173	\$ -	\$ -	\$ 303,173
Salaries and wages	150,037	53,476	51,654	255,167
Employee benefits	26,611	9,485	9,162	45,258
Payroll taxes	13,779	4,911	4,743	23,433
Retirement plan contribution	4,476	1,595	1,541	7,612
Retirement plan administration	706	251	243	1,200
Professional services	14,748	4,916	4,916	24,580
Awards	331	110	110	551
Bank fees	3,141	1,047	1,047	5,235
Community projects	181,522	2,683	5,588	189,793
Computer consulting fees	342	513	856	1,711
Depreciation	2,663	949	916	4,528
Dues and fees	918	1,194	2,810	4,922
Equipment rental	1,610	537	537	2,684
Insurance	1,491	497	497	2,485
Interest expense	165	55	55	275
Meals and travel	10,189	511	3,065	13,765
Miscellaneous	174	58	58	290
Office rent	10,801	3,600	3,600	18,001
Office utilities	2,202	734	734	3,670
Postage	1,337	446	446	2,229
Printing	2,321	774	774	3,869
Public information	16,809	-	7,204	24,013
Supplies	6,609	2,203	2,203	11,015
Telephone	2,490	830	830	4,150
Training and conference	7,284	383	-	7,667
<b>Total Expenses</b>	<b>\$ 765,929</b>	<b>\$ 91,758</b>	<b>\$ 103,589</b>	<b>\$ 961,276</b>

United Way of Jackson County, Inc.  
Statement of Functional Expenses  
For the Year ended June 30, 2012

Expenses	Program Services	Management and General	Fund Raising	Total Expenses
Allocations to agencies	\$ 282,465	\$ -	\$ -	\$ 282,465
Salaries and wages	156,865	56,106	53,832	266,803
Employee benefits	29,311	10,484	10,059	49,854
Payroll taxes	10,879	3,891	3,733	18,503
Retirement plan contribution	4,467	1,598	1,533	7,598
Retirement plan administration	838	300	288	1,426
Professional services	3,256	1,085	1,085	5,426
Awards	570	190	190	950
Bank fees	4,441	1,480	1,481	7,402
Community projects	156,591	1,560	6,419	164,570
Computer consulting fees	486	729	1,215	2,430
Depreciation	2,561	916	879	4,356
Dues and fees	1,345	980	2,642	4,967
Equipment rental	1,859	620	620	3,099
Insurance	1,443	481	481	2,405
Interest expense	568	189	189	946
Meals and travel	6,240	396	2,367	9,003
Miscellaneous	183	61	61	305
Office rent	10,801	3,600	3,600	18,001
Office utilities	2,019	673	673	3,365
Postage	1,427	476	476	2,379
Printing	3,627	1,209	1,209	6,045
Public information	36,629	-	5,851	42,480
Supplies	5,314	1,771	1,771	8,856
Telephone	2,134	711	711	3,556
Training and conference	9,651	495	100	10,246
<b>Total Expenses</b>	<b>\$ 735,970</b>	<b>\$ 90,001</b>	<b>\$ 101,465</b>	<b>\$ 927,436</b>

See accompanying notes to financial statements



United Way of Jackson County, Inc.  
 Statements of Cash Flows  
 Years ended June 30, 2013 and June 30, 2012

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (27,002)	\$ (76,104)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Change in value of beneficial interest	(41,983)	19,130
Noncash contributions	(38,826)	(53,835)
Noncash expenses	38,826	53,835
Depreciation	4,528	4,356
Allowance for uncollectible pledges	251	(19,335)
Discount for multi-year receivables	(924)	(1,235)
Loss on disposal of assets	-	700
(Increase) decrease in operating assets		
Pledges receivable	52,984	60,074
Other receivables	(538)	-
Prepaid expenses	(330)	1,237
Increase (decrease) in operating liabilities		
Accounts payable and accrued liabilities	(11,326)	(4,828)
Undesignated allocations payable	7,074	(5,728)
Designations payable	17,324	(20,748)
Net cash provided (used) by operating activities	<u>58</u>	<u>(42,481)</u>
Cash Flows from Investing Activities		
Distributions from funds held by OCF	19,454	19,671
Proceeds from sale of assets	-	122
Purchase of office equipment	-	(10,860)
Net cash provided by investing activities	<u>19,454</u>	<u>8,933</u>
Cash Flows from Financing Activities		
Advance from line of credit	-	35,000
Payments on line of credit	(35,000)	(12,000)
Net cash (used) provided by investing activities	<u>(35,000)</u>	<u>23,000</u>
Net decrease in Cash and Cash Equivalents	(15,488)	(10,548)
Cash and Cash Equivalents at Beginning of Year	<u>54,796</u>	<u>65,344</u>
Cash and Cash Equivalents at End of Year	<u>\$ 39,308</u>	<u>\$ 54,796</u>
Supplemental Disclosures:		
Cash paid for interest	<u>\$ 275</u>	<u>\$ 946</u>

See accompanying notes to financial statements

United Way of Jackson County, Inc.  
Notes to Financial Statements  
For the years ending June 30, 2013 and 2012

Note 1 – Summary of Significant Accounting Policies

Nature of Operations

The United Way of Jackson County, Inc. (the Organization) was formed and organized in the State of Oregon to operate as a not-for-profit entity under Internal Revenue Code Section 501(c)(3). The Organization's primary objective is to mobilize caring to effect change via promoting volunteerism, community philanthropy, and community building. The Organization engages in fundraising activities and allocates the contributed funds to other not-for-profit organizations and for community building programs. Substantially all of the Organization's revenues are derived from fundraising contributions in the local geographic area.

The United Way administers a fundraising campaign to collect donations for charitable organizations. The United Way has a donor choice program that allows donors to designate to a United Way member agency, to another non-affiliated tax-exempt agency, or to both. The United Way also allows donors to designate to broadly defined areas of service.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Basis of Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board Accounting Standards Codification 958-205, *Not-for-Profit Entities – Presentation of Financial Statements*. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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

The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Property and Equipment

The Organization records purchased property and equipment at cost. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restriction regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Property and equipment is depreciated using the straight-line method over estimated useful lives of three to ten years. Acquisitions of property and equipment in excess of \$2,000 and with a useful life of three years or more are capitalized.

United Way of Jackson County, Inc.  
Notes to Financial Statements  
For the years ending June 30, 2013 and 2012

Note 1 – Summary of Significant Accounting Policies (continued)

Contributions

In accordance with FASB ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net asset, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. When restrictions are fulfilled in the same fiscal year in which the contribution is received, the contribution is reported as unrestricted.

Promises to Give

Unconditional promises to give, less an allowance for uncollectible amounts, are recognized as pledge revenues in the period the promise is made and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

The allowance for uncollectible pledges is an estimate based on management's knowledge of historical pledge collection rates. The allowance for the current year campaign is calculated as a percentage of pledged revenue generated by the campaign. In addition, an allowance for prior year campaign pledges not collected is made based on management's knowledge of the unpaid amounts. The combined current and prior year allowance amounts result in an allowance of 17.1 and 14.7 percent of uncollected pledges at June 30, 2013 and 2012, respectively.

Donated Materials and Services

Donated materials are reflected in the financial statements as contributions at their estimated value at date of receipt.

In accordance with FASB ASC 958-605, the Organization records a contribution for services provided by professionals with specialized skills that the Organization would need to purchase if the services were not contributed. Noncash contributions reported in the statement of activities for the years ending June 30, 2013 and 2012 include contributed computer consulting services of \$0 and \$406, respectively; and contributed cleaning services of \$700 and \$900, respectively; and contributed promotional materials development and management consultation of \$4,000 and \$4,400, respectively.

A substantial number of volunteers have donated significant amounts of time in the United Way's program services and in its fundraising campaign. The financial statements do not reflect the value of those contributed services because the criteria for recognition of such volunteer effort under FASB ASC 958-605 have not been satisfied.

Designations Payable and Undesignated Allocations Payable

The Organization conducts annual fundraising campaigns from September through December. When a donor makes a contribution to the United Way and designates a named charity, those contributions are recorded by the Organization as designations payable. The designated donation is then reduced by a pledge loss allowance of 8 percent, and a rolling three year average of management and fundraising fees on a percentage basis. The designations payable are generally disbursed quarterly in

United Way of Jackson County, Inc.  
Notes to Financial Statements  
For the years ending June 30, 2013 and 2012

Note 1 – Summary of Significant Accounting Policies (continued)

Designations Payable and Undesignated Allocations Payable (continued)

July, October, January and April to recipient charities. The Organization honors designations to charities by distributing a proportionate share of recipients based on donor designations.

Contributions to the United Way community fund or an area of service are allocated among approved programs. The budget for the total allocable amount is determined using the current campaign collections and pledges less designations, a pledge loss allowance, specific agency related expenses, and operating expenses. Volunteers then make recommendations to the Board for amounts to be allocated to programs. Allocation award and agreement letters are sent to the programs, generally in May. Allocations to programs are recorded as an allocation payable as of July 1 following the campaign year. Allocations payable to programs are generally disbursed monthly beginning in July.

Fair Value Measurements

The Organization follows the requirements of FASB ASC 820, *Fair Value Measurements and Disclosures* and measures and reports the fair value of certain assets and liabilities using Level 1, 2, and 3 inputs. Level 1 inputs represent fair values obtained using quoted prices in active markets. Level 2 inputs represent fair values obtained from observable market data but not from quoted market prices. Level 3 inputs represent unobservable inputs and include situations where there is little, if any, market activity for the asset.

The following methods and assumptions were used to estimate the value of each class of financial instrument for which it is practicable to estimate that value:

**Pledges receivable:** The Organization has reported current pledges receivable at their carrying values due to their short maturities. This measurement standard is a Level 1 input. The Organization estimates the fair value of unconditional promises to give expected to be received in one to five years by discounting future cash flows of the pledges. This measurement standard is Level 2 input.

**Beneficial interest in funds held by OCF:** The Organization does not have access to any existing markets in which the beneficial interest in funds held by OCF can be bought or sold. Instead, the Organization has used significant unobservable inputs in estimating the fair value. This measurement standard is a Level 3 input.

A table of fair values measured on a recurring basis follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets - June 30, 2013				
Pledges receivable	\$ 216,228	\$ 216,228	\$ -	\$ -
Noncurrent pledges	25,813	-	25,813	-
Beneficial interest of OCF	449,861	-	-	449,861
Total assets	<u>\$ 691,902</u>	<u>\$ 216,228</u>	<u>\$ 25,813</u>	<u>\$ 449,861</u>

United Way of Jackson County, Inc.  
Notes to Financial Statements  
For the years ending June 30, 2013 and 2012

Note 1 – Summary of Significant Accounting Policies (continued)

Fair Value Measurements (continued)

Financial assets - June 30, 2012

Pledges receivable	\$ 257,743	\$ 257,743	\$ -	\$ -
Noncurrent pledges	36,609	-	36,609	-
Beneficial interest of OCF	<u>427,332</u>	<u>-</u>	<u>-</u>	<u>427,332</u>
Total assets	<u>\$ 721,684</u>	<u>\$ 257,743</u>	<u>\$ 36,609</u>	<u>\$ 427,332</u>

Tax Status

The United Way of Jackson County, Inc. is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. Therefore no provision for income taxes is necessary. In addition, the United Way has been classified by the Internal Revenue Service as an organization that is not a private foundation as defined in Section 509(a) of the Code and qualifies for deductible contributions as provided in Section 170(b)(1).

As of June 30, 2013 and 2012 the Organization has determined that it has no uncertain tax positions requiring accrual and disclosure under FASB ASC 740-10-50.

Subsequent Events

Management has evaluated subsequent events through September 25, 2013, the date which the financial statements were available for issue. No subsequent events were identified for disclosure.

Note 2 – Office Rent

The Organization entered into a lease agreement with Providence Health and Services for new office space as of January 1, 2010. The lease agreement term was for three years with a base rent of one dollar annually, and was renewed January 1, 2013 for an additional three-year term. The Organization recognized total rent expense of \$18,001 and rent-in-kind contributions of \$18,000 during the years ended June 30, 2013 and 2012.

Note 3 – Related Party Transactions

The Organization entered into a professional services agreement with a member of the Board of Directors. During the years ended June 30, 2013 and 2012 expenditures for development of promotional materials and management consultations totaled \$11,200 and \$11,400, respectively.

Note 4 – Property and Equipment

The following is a summary of property and equipment, less accumulated depreciation at June 30, 2013 and 2012:

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Office furniture and equipment	\$ 29,643	\$ 29,643
Leasehold improvements and carpeting	10,402	10,402
Accumulated depreciation	<u>(22,413)</u>	<u>(17,885)</u>
Net property and equipment	<u>\$ 17,632</u>	<u>\$ 22,160</u>

Depreciation expense charged to operation for the years ended June 30, 2013 and 2012 was \$4,528 and \$4,356, respectively.

United Way of Jackson County, Inc.  
Notes to Financial Statements  
For the years ending June 30, 2013 and 2012

Note 5 – Pledges Receivable

Pledges receivable include the following unconditional promises to give as of the year ending:

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Unconditional pledges receivable due in less than one year	\$ 260,817	\$ 302,081
Less allowance for uncollectible pledges	<u>(44,589)</u>	<u>(44,338)</u>
Net pledges receivable due in less than one year	<u>\$ 216,228</u>	<u>\$ 257,743</u>
Pledges due in one to five years	\$ 28,195	\$ 39,915
Less Allowance for uncollectible pledges	(2,256)	(3,193)
Less present value discount of long-term pledges	<u>(126)</u>	<u>(113)</u>
Net Pledges receivable due in one to five years	<u>\$ 25,813</u>	<u>\$ 36,609</u>

The present value discount of long-term pledges was calculated using discount rates ranging from .36 to .66 percent at June 30, 2013 and ranging from .21 to .41 percent at June 30, 2012

Note 6 – Designations Payable and Undesignated Allocations Payable

Designations payable and undesignated allocations payable consist of donor designated contributions and United Way allocations to agencies as of June 30, 2013 and 2012 as follows:

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Donor designations from prior year campaign	\$ 35,024	\$ 17,347
Donor designations from current year campaign	<u>64,516</u>	<u>64,869</u>
Total designations payable	\$ 99,540	\$ 82,216
Undesignated allocations payable to member agencies from prior year campaign	<u>\$ 35,106</u>	<u>\$ 28,032</u>
Total designations payable and Undesignated allocations payable	<u>\$ 134,646</u>	<u>\$ 110,248</u>

Note 7 – Line of Credit

The Organization maintains an unsecured line of credit in the approved amount of \$100,000 with AmericanWest Bank. Under the terms of the loan agreement, the outstanding balance of the line is payable upon demand of the lender and the Organization is required to make monthly payments of interest, and must pay the line to zero at least once during the year. Interest on the outstanding balance is computed at the prime rate published in the Wall Street Journal. At June 30, 2013, the interest rate was 3.25 percent. The line of credit has a maturity date of March 5, 2014, and is renewable annually. The outstanding balance on the line of credit at June 30, 2013 was \$0.

United Way of Jackson County, Inc.  
Notes to Financial Statements  
For the years ending June 30, 2013 and 2012

Note 7 – Line of Credit (continued)

The Organization maintained an unsecured line of credit in the approved amount of \$82,000 with Key Bank National Association through May 31, 2013. Under the terms of the loan agreement, the outstanding balance of the line was payable upon demand of the lender and the Organization was required to make monthly payments of interest. Interest on the outstanding balance was computed at 1.5 percent above the prime rate published in the Wall Street Journal. At June 30, 2012, the interest rate was 4.75 percent. The line of credit had no maturity date and could be terminated by the lender at any time. The outstanding balance on the line of credit at June 30, 2012 was \$35,000. This line of credit was closed May 17, 2013.

Note 8 – Beneficial Interest in Funds Held by Oregon Community Foundation

The Oregon Community Foundation (OCF) administers the endowment fund for the benefit of the United Way, under OCF's Endowment Partners Program. The United Way of Jackson County Endowment Fund is a component fund of the Oregon Community Foundation. Under terms of the agreement dated May 27, 1992 between OCF and the United Way, OCF has the authority to modify restrictions and conditions of the fund agreement under certain circumstances, without the approval of the United Way. This authority is referred to as variance power. United Way has a beneficial interest in funds held by OCF, as United Way doesn't own the account, but instead is the beneficiary.

According to the agreement, OCF distributes an appropriate percentage, as determined by OCF, of the fair market value of the fund, at least annually, under its grant percentage payout policy for permanent funds. The United Way transfers contributions to the endowment fund held by OCF as endowment contributions are received. For the years ended June 30, 2013 and 2012 there were no new endowment contributions.

The value of the United Way of Jackson County Endowment Fund at OCF at June 30, 2013 and 2012 was \$449,861 and \$427,332, respectively. The values are stated at the endowment fund balances as reported to the United Way by OCF. Because the Organization's asset is the beneficial interest itself and not the underlying assets which are owned by OCF, the Organization is required by FASB ASC 820 to use significant unobservable inputs in estimating fair value of the beneficial interest. This is a Level 3 input according to FASB ASC 820.

The fair value of the Organization's beneficial interest in funds held by OCF is summarized as follows at June 30, 2013 and 2012:

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Balance at beginning of year	\$ 427,332	\$ 466,133
Interest and dividends	4,589	6,255
Net realized and unrealized gains (losses)	41,133	(21,554)
Investment and management fees	<u>(3,739)</u>	<u>(3,831)</u>
Change in value of beneficial interest	41,983	(19,130)
Distributions from funds held by OCF	<u>(19,454)</u>	<u>(19,671)</u>
Balance at end of year	<u>\$ 449,861</u>	<u>\$ 427,332</u>

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Note 9 – Endowment Fund

The Board of Directors has interpreted the Oregon enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the permanent preservation of the historic dollar value of gifts to the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the United Way classifies the original value of gifts to the endowment as permanently restricted net assets.

The Board of Directors established the Oregon Community Foundation endowment fund by transferring all of the permanently restricted net assets held by the United Way. The United Way continues to transfer permanently restricted contributions to the OCF endowment fund as contributions are received. As described in Note 8, OCF reserves the right to exercise variance powers by modifying restrictions or conditions on distributions of the amounts held. Since the United Way does not control these funds, the Board of Directors has not enacted investment or spending (appropriation) policies to govern the endowment fund.

Note 10 – Retirement Plan

The Organization maintains a defined contribution retirement plan covering all employees who are at least 21 years of age. There is no minimum service requirement for employees to receive employer contributions under the plan. Individual participant accounts vest according to the number of years of service credited to each participant. In April 2010 the Board of Directors approved budget adjustments reducing the employer contributions to the pension plan from 6 percent to 3 percent of compensation paid monthly, effective March 1, 2010. During the years ended June 30, 2013 and 2012 contributions to the plan totaled \$7,613 and \$7,598, respectively.

Note 11 – Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors as follows for the years ended as follows:

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Prior year campaign revenue for the use in the current year, net of donor designations and an allowance for uncollectible pledges	\$ 5,777	\$ 132,331
Women Living Leadership project	55,486	50,304
HOPE Chest grants	28,829	50,640
211 Info	15,000	-
Jackson County Child Abuse Network	22,957	36,691
Nutrition Education	3,755	-
Humanity Walking	1,629	-
LIFE Art	12,846	-
CASH Jackson County	<u>5,000</u>	<u>7,965</u>
Total net assets released from restrictions	<u>\$ 151,279</u>	<u>\$ 277,931</u>



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Note 12 – Restrictions on Net Assets

Temporarily restricted net assets at June 30, 2013 and 2012 are available for the following purposes:

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Pledges received from the current campaign for use in future period, net of donor designations and allowance for uncollectible pledges	\$ 22,244	\$ 5,777
Women Living Leadership project	9,795	17,379
Jackson County Child Abuse Network	4,610	17,567
Nutrition Education	8,245	-
LIFE Art	4,054	-
Humanity Walking	5,871	-
211 Info	-	15,000
HOPE Chest grants	-	16,329
CASH Jackson County	<u>-</u>	<u>5,000</u>
Total temporarily restricted net assets	<u>\$ 54,819</u>	<u>\$ 77,052</u>

Permanently restricted net assets are restricted by donors to investments in perpetuity. The income from the assets can be used to support the Organization's general operations, therefore all the income and expenses of the endowment fund are classified as unrestricted. Permanently restricted net assets as of June 30, 2013 and 2012 consist of the following:

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Geraldine Taylor Estate	\$ 93,136	\$ 93,136
Albert Relei and Wilson Anderson Memorial	1,000	1,000
Campaign contributions specified for endowment	<u>18,890</u>	<u>18,890</u>
Total permanently restricted net assets	<u>\$ 113,116</u>	<u>\$ 113,116</u>