

UNITED WAY OF JACKSON COUNTY

Financial Statements

For the Year Ended June 30, 2018

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Independent Auditor's Report

**To the Board of Directors
United Way of Jackson County
Medford, Oregon**

We have audited the accompanying financial statements of the United Way of Jackson County (the Organization), which comprise the statement of financial position as of June 30, 2018 and the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.



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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of Jackson County as of June 30, 2018 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 20, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, consisting of current and gross campaign results and donor designations on page 4, is not a required part of the financial statements and is included for the purpose of additional analysis consistent with industry practice. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Clark Nuber P.S.

Certified Public Accountants
September 20, 2018

UNITED WAY OF JACKSON COUNTY

Statement of Financial Position

June 30, 2018

(With Comparative Totals for 2017)

	<u>2018</u>	<u>2017</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 61,770	\$ 114,624
Funds held for others	151,792	94,017
Pledges and grants receivable, net	178,070	209,124
Prepaid expenses	<u>1,055</u>	<u>986</u>
Total Current Assets	392,687	418,751
Property and equipment, net	328,236	1,282
Capital campaign pledges receivable, net	144,683	
Investments	150,935	177,231
Assets restricted by donors for long-term purposes	179,452	173,166
Beneficial interest in assets held by others	<u>226,995</u>	<u>224,296</u>
Total Assets	<u>\$ 1,422,988</u>	<u>\$ 994,726</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 20,198	\$ 6,547
Funds held for others	151,792	94,017
Undesignated allocations payable	20,970	22,332
Designations payable	<u>47,652</u>	<u>65,926</u>
Total Liabilities	240,612	188,822
Net Assets:		
Unrestricted	604,333	334,789
Temporarily restricted	237,932	133,703
Permanently restricted	<u>340,111</u>	<u>337,412</u>
Total Net Assets	<u>1,182,376</u>	<u>805,904</u>
Total Liabilities and Net Assets	<u>\$ 1,422,988</u>	<u>\$ 994,726</u>

See accompanying notes.

UNITED WAY OF JACKSON COUNTY

Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2018
(With Comparative Totals for 2017)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2018 Total	2017 Total
Revenues, Gains and Other Support:					
Current year campaign results	\$ 1,014,952	\$ -	\$ -	\$ 1,014,952	\$ 1,158,000
Current year capital campaign results		385,985		385,985	
Current year campaign results restricted by purpose		146,090		146,090	39,708
Current year campaign results restricted for time		13,200		13,200	19,512
Gross campaign results	1,014,952	545,275		1,560,227	1,217,220
Less allowance for uncollectable pledges	(42,744)			(42,744)	(43,394)
Less donor designations	(182,530)			(182,530)	(166,887)
Total campaign revenue	789,678	545,275		1,334,953	1,006,939
In-kind contributions	26,539			26,539	31,095
Sponsorships for community projects	33,590			33,590	26,545
Investment return	5,707	6,286		11,993	5,245
Change in value of beneficial interest			2,699	2,699	28,842
Other revenue	2,680			2,680	3,946
Net assets released from restrictions	447,332	(447,332)			
Total Revenues, Gains and Other Support	1,305,526	104,229	2,699	1,412,454	1,102,612
Allocations and Expenses:					
Program services	793,011			793,011	838,190
Management and general	120,573			120,573	119,281
Fundraising	107,845			107,845	102,816
Total functional expenses	1,021,429			1,021,429	1,060,287
Payments to affiliates	14,553			14,553	13,944
Total Allocations and Expenses	1,035,982			1,035,982	1,074,231
Change in Net Assets	269,544	104,229	2,699	376,472	28,381
Net assets, beginning of year	334,789	133,703	337,412	805,904	777,523
Net Assets, End of Year	\$ 604,333	\$ 237,932	\$ 340,111	\$ 1,182,376	\$ 805,904

See accompanying notes.

UNITED WAY OF JACKSON COUNTY

Statement of Functional Expenses
For the Year Ended June 30, 2018
(With Comparative Totals for 2017)

	Program Services	Management and General	Fundraising	Total Expenses 2018	Total Expenses 2017
Expenses:					
Salaries and wages	\$ 237,045	\$ 75,634	\$ 61,812	\$ 374,491	\$ 384,509
Allocations to agencies	255,286			255,286	297,809
Community projects	156,336	2,162	3,604	162,102	143,230
Employee benefits	41,641	13,286	10,858	65,785	64,546
Payroll taxes	20,951	6,685	5,463	33,099	29,584
Professional services	13,245	2,838	2,838	18,921	20,491
Office rent	12,600	2,700	2,700	18,000	21,599
Meals and travel	9,610	2,978	3,013	15,601	16,501
Public information	8,491		3,639	12,130	15,480
Office utilities	7,049	1,511	1,511	10,071	3,919
Retirement plan contribution	6,385	2,037	1,665	10,087	11,468
Computer consulting fees	3,019	647	647	4,313	5,640
Bank fees	2,665	571	571	3,807	3,477
Telephone	2,640	566	566	3,772	2,996
Insurance	2,500	536	536	3,572	3,502
Dues and fees	2,474	530	530	3,534	3,729
Supplies	2,302	3,120	3,120	8,542	8,636
Printing	2,218	3,326	3,326	8,870	7,235
Depreciation	1,829	392	392	2,613	1,473
Equipment rental	1,757	377	377	2,511	2,513
Postage	1,678	360	360	2,398	2,241
Retirement plan administration	949	203	203	1,355	1,504
Training and conference	341	114	114	569	5,429
Interest					2,776
Total Expenses	\$ 793,011	\$ 120,573	\$ 107,845	\$ 1,021,429	\$ 1,060,287

See accompanying notes.

UNITED WAY OF JACKSON COUNTY

Statement of Cash Flows
For the Year Ended June 30, 2018
(With Comparative Totals for 2017)

	2018	2017
Cash Flows From Operating Activities:		
Change in net assets	\$ 376,472	\$ 28,381
Adjustments to reconcile change in net assets to net cash provided by operating activities-		
Change in value of beneficial interest	(2,699)	(28,842)
Depreciation	2,613	1,473
Realized and unrealized investment gains	(5,707)	(397)
Contributions restricted for the acquisition of long-term assets	(385,985)	
(Increase) decrease in operating assets		
Pledges and grants receivable	31,054	14,355
Prepaid expenses	(69)	(158)
Increase (decrease) in operating liabilities		
Accounts payable and accrued liabilities	7,807	(17,176)
Undesignated allocations payable	(1,362)	(3,062)
Designations payable	(18,274)	13,006
Net Cash Provided by Operating Activities	3,850	7,580
Cash Flows From Investing Activities:		
Proceeds from beneficial interest in assets held by others		469,268
Purchase of investments	(318,870)	(236,884)
Proceeds from sale of investments	350,873	
Payments to acquire property and equipment	(323,723)	
Change in assets restricted for long-term purposes	(6,286)	(113,116)
Net Cash (Used) Provided by Investing Activities	(298,006)	119,268
Cash Flows From Financing Activities:		
Contributions received restricted for the acquisition of long term assets	241,302	
Net line of credit activity		(20,000)
Net Cash Provided by (Used in) Financing Activities	241,302	(20,000)
Net Change in Cash and Cash Equivalents	(52,854)	106,848
Cash and cash equivalents, beginning of year	114,624	7,776
Cash and Cash Equivalents, End of Year	\$ 61,770	\$ 114,624
Supplementary Disclosure of Cash Flow Information:		
Cash paid for interest	\$ -	\$ 2,776
Fixed asset purchases included in accounts payable	\$ 5,844	\$ -

See accompanying notes.

UNITED WAY OF JACKSON COUNTY

Notes to Financial Statements For the Year Ended June 30, 2018 (With Comparative Totals for 2017)

Note 1 - Summary of Significant Accounting Policies

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

Basis of Presentation - Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization.

Revenues are reported as increases in unrestricted net assets unless use of the related asset is limited by donor-imposed restrictions. 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 by law. Expirations of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets. Revenues with donor-imposed restrictions that are met in the same reporting period are classified as increases in unrestricted net assets.

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

Funds Held for Others - Accounting principles generally accepted in the United States of America (U.S. GAAP) specifically requires that when Organization receives assets and agrees to use those assets on behalf of a specified beneficiary, the Organization must account for the receipt of such assets as if it is holding the funds as an agent. At June 30, 2018 and 2017, the Organization held funds totaling \$151,792 and \$94,017, respectively, under this type of arrangement.

UNITED WAY OF JACKSON COUNTY

Notes to Financial Statements For the Year Ended June 30, 2018 (With Comparative Totals for 2017)

Note 1 - Continued

Pledges and Grants Receivable - Unconditional pledges and grants receivable, less an allowance for uncollectible amounts, are recognized as 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 Organization had one conditional promise to give totaling \$93,870 over three years at June 30, 2017 with annual payments conditioned upon the donor's annual review of program performance. During the year ended June 30, 2018, the conditions to receive the first year's payment of \$31,290 on the conditional pledge were met and the related revenue was recognized. As of June 30, 2018, the conditions related to the remaining \$62,580 of the conditional pledge had not been met and had therefore not been recognized as revenue by the Organization.

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.

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.

Depreciation is computed using the straight-line method over the estimated useful lives, which is 39 years for buildings, and 5-15 years for furniture and equipment and building improvements. Acquisitions of property and equipment in excess of \$2,500 and with a useful life of five years or more are capitalized.

Investments - Investments are stated at fair value, with both realized and unrealized gains and losses recorded in the statement of activities and changes in net assets as increases or decreases in unrestricted net assets, unless their use is temporarily or permanently restricted by explicit donor restrictions or law. As of June 30, 2018 and 2017, investments are presented in the statement of financial position as assets restricted by donors for long-term purposes of \$179,452 and \$173,166, respectively, and investments of \$150,935 and \$177,231, respectively.

Assets Restricted by Donors for Long-Term Purposes - As of June 30, 2018 and 2017, assets restricted by donors for long-term purposes represented permanently restricted endowment contributions, as well as, temporarily restricted unappropriated endowment earnings.

Designations Payable and Undesignated Allocations Payable - The Organization conducts an annual fundraising campaign from August through November. When a donor makes a contribution to the Organization 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 6 percent and management and fundraising fees on a percentage basis. The designations payable are generally disbursed quarterly in July, October, January and April to recipient charities. The Organization honors designations to charities by distributing a proportionate share of receipts based on donor designations.

UNITED WAY OF JACKSON COUNTY

Notes to Financial Statements For the Year Ended June 30, 2018 (With Comparative Totals for 2017)

Note 1 - Continued

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 Organization's Board of Directors for amounts to be allocated to programs. Allocation award and agreement letters are sent to the programs, generally in June or July. Allocations to programs are recorded as an undesignated allocation payable as of July 1 following the campaign year. Undesignated allocations payable to programs are generally disbursed monthly beginning in July.

Contributions - Contributions, which include unconditional promises to give (pledges), are recognized as revenue in the period received. When restrictions are fulfilled in the same fiscal year in which the contribution is received, the contribution is reported as unrestricted.

Gross Campaign Results - Gross campaign results consist of funds raised as a result of the Organization's fundraising efforts during the normal course of their campaign. Pledges and payments that are designated by the donor to other nonprofit organizations are included in current year and gross campaign results and donor designations in the statement of activities and changes in net assets. These totals are presented as supplementary information for the purpose of additional analysis consistent with industry practice.

In-Kind Contributions - Donated assets and services are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. Contributions of services are recognized if the services received create or enhance a nonfinancial asset or the services require specialized skills that are provided by individuals possessing those skills. In-kind contributions reported in the statement of activities and changes in net assets for the years ended June 30, 2018 and 2017 include contributed rent of \$18,000 and \$21,600, respectively. In addition, in-kind contribution revenue for the years ended June 30, 2018 and 2017 included contributed advertising and other goods and services of \$8,539 and \$9,495, respectively.

A substantial number of volunteers have donated significant amounts of time in the Organization'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 have not been satisfied.

Cost Deductions - The Organization has committed to and was in compliance with the Cost Deduction Requirements for Membership Requirement M, as established by United Way Worldwide. The standard establishes uniform rules for deducting resource development and organizational administration expenses from donor pledges.

Federal Income Tax - The Internal Revenue Service has determined that the Organization is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and is not considered to be a private foundation; accordingly, no provision has been made for federal income tax in the accompanying financial statements.

Concentrations - The Organization raised gross campaign contributions from one anonymous donor representing 13 percent and 17 percent of gross campaign results for both the years ended June 30, 2018 and 2017, respectively.

Functional Expense Allocation - Directly identifiable expenses are charged to program and support services. Expenses related to more than one function are charged to programs and support services based on the activity in each respective function. Management and general expenses include those expenses which are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

UNITED WAY OF JACKSON COUNTY

Notes to Financial Statements
For the Year Ended June 30, 2018
(With Comparative Totals for 2017)

Note 1 - Continued

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions. These affect the reported amounts of assets, liabilities, revenues, and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

Reclassifications of Prior Year Balances - Certain reclassifications have been made to prior year accounts to conform to the presentation in the current year consolidated financial statements. The reclassifications have no effect on the previously reported consolidated change in net assets or consolidated net asset balances.

Comparative Amounts for 2017 - For comparative purposes, the financial statements include certain prior-year summarized information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organizations financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Subsequent Events - Management has evaluated subsequent events through September 20, 2018, the date on which the financial statements were available to be issued. No subsequent events were identified for disclosure.

Note 2 - Property and Equipment

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

	<u>2018</u>	<u>2017</u>
Land	\$ 96,702	\$ -
Building	197,813	
Building improvements	16,737	
Office furniture and equipment	36,085	28,137
Construction in process	5,323	
Accumulated depreciation	<u>(24,424)</u>	<u>(26,855)</u>
Total Property and Equipment, Net	<u>\$ 328,236</u>	<u>\$ 1,282</u>

Note 3 - Pledges and Grants Receivable

Pledges and grants receivable include the following unconditional promises to give as of June 30:

	<u>2018</u>	<u>2017</u>
Unconditional pledges receivable due in less than one year	\$ 215,134	\$ 246,991
Less allowance for uncollectible pledges	<u>(37,064)</u>	<u>(37,867)</u>
Net Pledges Receivable Due in Less Than One Year	<u>\$ 178,070</u>	<u>\$ 209,124</u>

UNITED WAY OF JACKSON COUNTY

**Notes to Financial Statements
For the Year Ended June 30, 2018
(With Comparative Totals for 2017)**

Note 4 - Beneficial Interest in Assets Held by Others

The Organization’s beneficial interests in trusts and assets held by others included the following at June 30:

	<u>2018</u>	<u>2017</u>
Latham Trust	\$ 226,995	\$ 224,296
Total Beneficial Interest in Assets Held by Others	<u>\$ 226,995</u>	<u>\$ 224,296</u>

The Oregon Community Foundation

The Oregon Community Foundation (OCF) administered the endowment fund for the benefit of the Organization, under OCF’s Endowment Partners Program. The United Way of Jackson County Endowment Fund was a component fund of the Oregon Community Foundation. Under terms of the agreement dated May 27, 1992 between OCF and the Organization, OCF had the authority to modify restrictions and conditions of the fund agreement under certain circumstances, without the approval of the Organization. This authority is referred to as variance power. The Organization had recorded a beneficial interest in funds held by OCF. The Organization transferred endowment and other funds to OCF with no donor obligation to do so and named itself as beneficiary.

According to the agreement, OCF distributed an appropriate percentage, as determined by OCF, of the fair value of the fund, at least annually, under its grant percentage payout policy for permanent funds. The Organization transferred contributions to the endowment fund held by OCF as general endowment contributions were received. During the year ended June 30, 2017, the Organization requested and received distribution of all funds held by OCF to be invested and administered by the Organization.

Latham Trust

The Organization is the beneficiary of a perpetual charitable trust (the Trust) established by Gerald T. Latham in 1986. The Organization had an interest of 20 percent as of both June 30, 2018 and 2017. The assets of the Trust are managed by Wells Fargo Bank. The Organization typically receives monthly distributions from Wells Fargo Bank from the earnings of the Trust. In accordance with U.S. GAAP, the Organization has recognized its interest in the Trust as an asset on the Organization’s statement of financial position. Net realized and unrealized gains and losses related to the Trust are reported as changes in permanently restricted net assets.

Note 5 - Fair Value Measurement

The Organization applies the U.S. GAAP authoritative guidance for fair value measurements and disclosures, which defines fair value, establishes a framework for measuring fair value and requires certain disclosures about fair value measurements.

UNITED WAY OF JACKSON COUNTY

**Notes to Financial Statements
For the Year Ended June 30, 2018
(With Comparative Totals for 2017)**

Note 5 - Continued

The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities;

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2018 and 2017.

Equities and Mutual Funds - Valued at the closing price reported on the active market in which the securities are traded.

Corporate Fixed Income Securities - Valued using bid valuations from similar instruments in actively quoted markets.

Certificates of Deposit - Valued at cost plus accrued interest, which approximates fair value.

Beneficial Interest in the Latham Trust - The Organization is a beneficiary of a percentage interest in a perpetual charitable trust held by a third party. The Organization's interest in the trust is recorded at the fair value of the Organization's ownership in the trust. This asset is valued using the net asset value (Note 4).

Beneficial Interest in Assets Held by The Oregon Community Foundation (OCF) - The beneficial interest in assets held at The Oregon Community Foundation has been valued, as a practical expedient, at the fair value of the Organization's share of assets held by The Oregon Community Foundation. This asset is valued using the net asset value (Note 4).

The underlying investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities and investment contracts, and the level of uncertainty related to changes in the value of the investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect account balances and the amounts reported in the statement of financial position and the statement of activities and changes in net assets.

UNITED WAY OF JACKSON COUNTY

Notes to Financial Statements
For the Year Ended June 30, 2018
(With Comparative Totals for 2017)

Note 5 - Continued

The following tables present the assets that are measured at fair value on a recurring basis as of June 30 and are categorized using the three levels of the fair value hierarchy:

	Fair Value Measurements as of June 30, 2018			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 41,258	\$ -	\$ -	\$ 41,258
Equities	76,657			76,657
Mutual funds-				
Fixed income funds	32,242			32,242
U.S. equity	125,501			125,501
Nontraditional	20,930			20,930
Corporate fixed income		33,799		33,799
Beneficial interest in the Latham Trust			226,995	226,995
	\$ 296,588	\$ 33,799	\$ 226,995	\$ 557,382

	Fair Value Measurements as of June 30, 2017			
	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 350,397	\$ -	\$ 350,397
Beneficial interest in the Latham Trust			224,296	224,296
	\$ -	\$ 350,397	\$ 224,296	\$ 574,693

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statement of financial position using significant unobservable (Level 3) inputs for the year ended June 30:

	Beneficial Interest in Latham Trust
Balance, June 30, 2017	\$ 224,296
Total realized and unrealized gains	2,699
Balance, June 30, 2018	\$ 226,995

UNITED WAY OF JACKSON COUNTY

Notes to Financial Statements
For the Year Ended June 30, 2018
(With Comparative Totals for 2017)

Note 5 - Continued

	Beneficial Interest in Latham Trust	Beneficial Interest in Assets Held by OCF
Balance, June 30, 2016	\$ 223,468	\$ 441,254
Total realized and unrealized gains	828	38,635
Distributions and fees		(479,889)
Balance, June 30, 2017	<u>\$ 224,296</u>	<u>\$ -</u>

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 as follows:

	<u>2018</u>	<u>2017</u>
Donor designations from prior year campaign	\$ 18,537	\$ 30,417
Donor designations from current year campaign	<u>29,115</u>	<u>35,509</u>
Total designations payable	47,652	65,926
Undesignated allocations payable to member agencies from prior year campaign	<u>20,970</u>	<u>22,332</u>
Total Designations Payable and Undesignated Allocations Payable	<u>\$ 68,622</u>	<u>\$ 88,258</u>

Note 7 - Note Payable

The Organization maintains an unsecured line of credit in the approved amount of \$100,000 with Banner Bank. Under the terms of the loan agreement, the outstanding balance of the line is payable upon demand of the lender. The Organization is required to make monthly payments of interest, and must pay the line to zero for a period of 30 consecutive days at least once during the year. Interest is computed at the prime rate plus 1.5 percent, but not less than 5.00 percent. At June 30, 2018 and 2017, the interest rate was 6.25 and 5.00 percent, respectively. The line of credit has a maturity date of March 15, 2020, and is renewable annually. There was no outstanding balance on the line of credit at June 30, 2018 and 2017.

UNITED WAY OF JACKSON COUNTY

Notes to Financial Statements
For the Year Ended June 30, 2018
(With Comparative Totals for 2017)

Note 8 - Operating Lease

The Organization had a lease agreement with Banner Bank for office space beginning June 2014 and ending June 2015. No renewal took place during fiscal years 2017 or 2018, though the Organization continued to occupy the space. The Organization is not required to pay rental costs under the lease agreement and recognized in-kind contributions and related rent expense of \$18,000 and \$21,600 during the years ended June 30, 2018 and 2017, respectively. The Organization discontinued occupying the space as of April 2018.

Note 9 - Retirement Plan

The Organization maintains a defined contribution retirement plan (the 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. Contributions to the Plan are made at 3 percent of participant's salary. During the years ended June 30, 2018 and 2017, contributions to the Plan totaled \$10,088 and \$11,469, respectively.

Note 10 - Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30 were available for the following purposes:

	<u>2018</u>	<u>2017</u>
Pledges received from the current campaign for use in a future period, net of dollar designations and allowance for uncollectible pledges	\$ 16,800	\$ 22,812
Endowment earnings (Note 12)	66,336	60,050
Big Idea	35,256	34,031
HOPE Chest (rapid response fund for emergency needs)	38,452	16,810
Capital campaign	54,864	
Suicide Prevention	26,224	
Total Temporarily Restricted Net Assets	<u>\$ 237,932</u>	<u>\$ 133,703</u>

UNITED WAY OF JACKSON COUNTY

Notes to Financial Statements
For the Year Ended June 30, 2018
(With Comparative Totals for 2017)

Note 10 - Continued

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 June 30:

	<u>2018</u>	<u>2017</u>
Prior year campaign revenue for the use in the current year, net of donor designations and an allowance for uncollectible pledges	\$ 19,212	\$ 34,461
Jackson County Bike Share program		50,143
HOPE Chest (rapid response fund for emergency needs)	38,958	
211 Info Program		417
Big Idea	50,235	
Capital campaign	331,121	
Suicide Prevention	7,806	
Net asset transfer		<u>(60,050)</u>
Total Net Assets Released From Restrictions	<u>\$ 447,332</u>	<u>\$ 24,971</u>

During the year ended June 30, 2018, \$385,985 was raised in a capital campaign intended to support the purchase and renovation of a building complex. Of the capital campaign funds raised, \$331,121 was expended during the year ended June 30, 2018 with the remainder expected to be used during fiscal year 2019.

Note 11 - Permanently Restricted Net Assets

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. Permanently restricted net assets consist of the following as of June 30:

	<u>2018</u>	<u>2017</u>
Gerald Latham Perpetual Charitable Trust (Note 4)	\$ 226,995	\$ 224,296
Geraldine Taylor Estate	93,136	93,136
Albert Relei and Wilson Anderson Memorial	1,000	1,000
Campaign contributions specified for endowment	<u>18,980</u>	<u>18,980</u>
Total Permanently Restricted Net Assets	<u>\$ 340,111</u>	<u>\$ 337,412</u>

Interpretation of Relevant Law - The Organization has interpreted the Oregon State Uniform Prudent Management of Institutional Funds Act (UPMIFA) as making it advisable for the Organization to track the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

UNITED WAY OF JACKSON COUNTY

**Notes to Financial Statements
For the Year Ended June 30, 2018
(With Comparative Totals for 2017)**

Note 11 - Continued

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the Organization and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the Organization; and
- The investment policies of the Organization.

Endowment Investment and Spending Policies - The Organization is in the process of developing policies in compliance with UPMIFA, but has not yet completed the approval process. Until the policies are officially adopted by the Board of Directors, the Organization is retaining all earnings in the account and delaying any appropriations.

Funds With Deficiencies - From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. As of June 30, 2018 and 2017, no such deficiencies existed.

Endowment net asset composition by type of fund was as follows at June 30:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2018 Total</u>	<u>2017 Total</u>
Donor restricted endowment fund	\$ -	\$ 66,336	\$ 113,116	\$ 179,452	\$ 173,166

Changes to endowment net assets for the year ended June 30 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2018 Total</u>	<u>2017 Total</u>
Endowment net assets, beginning of year	\$ -	\$ 60,050	\$ 113,116	\$ 173,166	\$ 113,116
Net asset transfer					60,050
Investment return		6,286		6,286	
Endowment Net Assets, End of Year	\$ -	\$ 66,336	\$ 113,116	\$ 179,452	\$ 173,166