

UNITED WAY OF JACKSON COUNTY

Financial Statements

For the Year Ended June 30, 2017

Table of Contents

	Page
Independent Auditor's Report	1 - 2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 17

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, 2017 and the related statements of activities and changes in net assets, cash flows and functional expenses 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.



T: 425-454-4919
T: 800-504-8747
F: 425-454-4620

10900 NE 4th St
Suite 1700
Bellevue WA
98004

clarknuber.com

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, 2017 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 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 20, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, 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, 2017

UNITED WAY OF JACKSON COUNTY

Statement of Financial Position

June 30, 2017

(With Comparative Totals for 2016)

	<u>2017</u>	<u>2016</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 114,624	\$ 7,776
Funds held for others	94,017	43,714
Current portion of pledges and grants receivable, net	209,124	220,458
Prepaid expenses	986	828
Total Current Assets	418,751	272,776
Property and equipment, net	1,282	2,755
Noncurrent portion of pledges and grants receivable, net		3,021
Investments	177,231	
Assets restricted by donors for long-term purposes	173,166	
Beneficial interest in assets held by others	224,296	664,722
Total Assets	\$ 994,726	\$ 943,274
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 6,547	\$ 23,723
Funds held for others	94,017	43,714
Undesignated allocations payable	22,332	25,394
Designations payable	65,926	52,920
Note payable - line of credit		20,000
Total Liabilities	188,822	165,751
Net Assets:		
Unrestricted	334,789	341,485
Temporarily restricted	133,703	99,454
Permanently restricted	337,412	336,584
Total Net Assets	805,904	777,523
Total Liabilities and Net Assets	\$ 994,726	\$ 943,274

See accompanying notes.

UNITED WAY OF JACKSON COUNTY

Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2017
(With Comparative Totals for 2016)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Total	2016 Total
Revenues, Gains and Other Support:					
Current year campaign results	\$ 1,158,000	\$ -	\$ -	\$ 1,158,000	\$ 1,205,624
Current year campaign results restricted by purpose		39,708		39,708	70,990
Current year campaign results restricted for time		19,512		19,512	28,051
Gross campaign results	1,158,000	59,220		1,217,220	1,304,665
Less allowance for uncollectable pledges	(43,394)			(43,394)	(40,776)
Less donor designations	(166,887)			(166,887)	(184,157)
Total campaign revenue	947,719	59,220		1,006,939	1,079,732
Other revenue	9,191			9,191	7,171
In-kind contributions	31,095			31,095	30,050
Sponsorships for community projects	26,545			26,545	21,929
Change in value of beneficial interest	28,014		828	28,842	(34,900)
Net assets released from restrictions	24,971	(24,971)			
Total Revenues, Gains and Other Support	1,067,535	34,249	828	1,102,612	1,103,982
Allocations and Expenses:					
Functional expenses					
Program services	838,190			838,190	884,700
Management and general	119,281			119,281	117,975
Fundraising	102,816			102,816	117,466
Total functional expenses	1,060,287			1,060,287	1,120,141
Payments to affiliates	13,944			13,944	11,995
Total Allocations and Expenses	1,074,231			1,074,231	1,132,136
Change in Net Assets	(6,696)	34,249	828	28,381	(28,154)
Net assets, beginning of year	341,485	99,454	336,584	777,523	805,677
Net Assets, End of Year	\$ 334,789	\$ 133,703	\$ 337,412	\$ 805,904	\$ 777,523

See accompanying notes.

UNITED WAY OF JACKSON COUNTY

Statement of Functional Expenses
 For the Year Ended June 30, 2017
 (With Comparative Totals for 2016)

	Program Services	Management and General	Fundraising	Total Expenses 2017	Total Expenses 2016
Expenses:					
Salaries and wages	\$ 253,695	\$ 73,914	\$ 56,900	\$ 384,509	\$ 380,239
Allocations to agencies	297,809			297,809	308,000
Community projects	137,515	2,143	3,572	143,230	186,817
Employee benefits	51,147	14,899	11,472	77,518	78,774
Payroll taxes	19,519	5,687	4,378	29,584	32,279
Office rent	14,251	4,152	3,196	21,599	21,600
Professional services	13,520	3,939	3,032	20,491	13,384
Meals and travel	11,367	2,548	2,586	16,501	20,346
Public information	10,836		4,644	15,480	16,333
Supplies	2,177	2,541	3,918	8,636	11,458
Printing	1,809	2,170	3,256	7,235	7,037
Computer consulting fees	3,721	1,084	835	5,640	5,932
Training and conference	3,257	1,086	1,086	5,429	11,833
Office utilities	2,586	753	580	3,919	3,765
Dues and fees	2,460	717	552	3,729	3,068
Insurance	2,311	673	518	3,502	3,472
Bank fees	2,294	668	515	3,477	3,763
Telephone	1,977	576	443	2,996	3,501
Interest	1,831	534	411	2,776	686
Equipment rental	1,658	483	372	2,513	2,826
Postage	1,478	431	332	2,241	2,299
Depreciation	972	283	218	1,473	2,729
Total Expenses	<u>\$ 838,190</u>	<u>\$ 119,281</u>	<u>\$ 102,816</u>	<u>\$ 1,060,287</u>	<u>\$ 1,120,141</u>

See accompanying notes.

UNITED WAY OF JACKSON COUNTY

Statement of Cash Flows
For the Year Ended June 30, 2017
(With Comparative Totals for 2016)

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 28,381	\$ (28,154)
Adjustments to reconcile change in net assets to net cash used in operating activities-		
Change in value of beneficial interest	(28,842)	34,900
Depreciation	1,473	2,729
(Increase) decrease in operating assets		
Pledges and grants receivable	14,355	(7,847)
Prepaid expenses	(158)	(20)
Increase (decrease) in operating liabilities		
Accounts payable and accrued liabilities	(17,176)	11,600
Undesignated allocations payable	(3,062)	(2,010)
Designations payable	13,006	(15,840)
Net Cash Provided by (Used in) Operating Activities	7,977	(4,642)
Cash Flows From Investing Activities:		
Proceeds from beneficial interest in assets held by others	469,268	
Purchase of investments	(237,281)	
Assets restricted for long-term purposes	(113,116)	
Net Cash Provided by Investing Activities	118,871	
Cash Flows From Financing Activities:		
Net line of credit activity	(20,000)	(5,000)
Net Cash Used in Financing Activities	(20,000)	(5,000)
Net Change in Cash and Cash Equivalents	106,848	(9,642)
Cash and cash equivalents, beginning of year	7,776	17,418
Cash and Cash Equivalents, End of Year	\$ 114,624	\$ 7,776
Supplementary Disclosure of Cash Flow Information:		
Cash paid for interest	\$ 2,776	\$ 686

See accompanying notes.

UNITED WAY OF JACKSON COUNTY

Notes to Financial Statements For the Year Ended June 30, 2017 (With Comparative Totals for 2016)

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, 2017 and 2016, the Organization held funds totaling \$94,017 and \$43,714, respectively, under this type of arrangement.

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. The Organization had no conditional promises to give at June 30, 2016.

UNITED WAY OF JACKSON COUNTY

Notes to Financial Statements For the Year Ended June 30, 2017 (With Comparative Totals for 2016)

Note 1 - Continued

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.

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.

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. Investments consist of certificates of deposits that are reported at cost plus accrued interest, which approximates fair value. As of June 30, 2017 investments are presented in the statement of financial position as assets restricted by donors for long-term purposes of \$173,166 and investments of \$177,231.

Assets restricted by donors for long-term purposes - As of June 30, 2017, assets restricted by donors for long-term purposes represented permanently restricted endowment contributions, as well as, temporarily restricted unappropriated endowment earnings and are comprised of \$173,166 of investments restricted by donors for long-term purposes.

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.

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.

UNITED WAY OF JACKSON COUNTY

Notes to Financial Statements For the Year Ended June 30, 2017 (With Comparative Totals for 2016)

Note 1 - Continued

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 both the years ended June 30, 2017 and 2016 include contributed rent of \$21,600. In addition, in-kind contribution revenue for the years ended June 30, 2017 and 2016 also included contributed advertising and other goods and services of \$9,495 and \$8,450, 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 17 percent and 23 percent of gross campaign results for the years ended June 30, 2017 and 2016, 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.

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.

UNITED WAY OF JACKSON COUNTY

Notes to Financial Statements
For the Year Ended June 30, 2017
(With Comparative Totals for 2016)

Note 1 - Continued

Comparative Amounts for 2016 - 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, 2016, from which the summarized information was derived.

Subsequent Events - Management has evaluated subsequent events through September 20, 2017, 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>2017</u>	<u>2016</u>
Office furniture and equipment	\$ 28,137	\$ 28,137
Accumulated depreciation	<u>(26,855)</u>	<u>(25,382)</u>
Total Property and Equipment, Net	<u>\$ 1,282</u>	<u>\$ 2,755</u>

Note 3 - Pledges and Grants Receivable

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

	<u>2017</u>	<u>2016</u>
Unconditional pledges receivable due in less than one year	\$ 246,991	\$ 262,425
Less allowance for uncollectible pledges	<u>(37,867)</u>	<u>(41,967)</u>
Net Pledges Receivable Due in Less Than One Year	<u>\$ 209,124</u>	<u>\$ 220,458</u>
Pledges due in one to five years	\$ -	\$ 3,300
Less allowance for uncollectible pledges		(264)
Less present value discount on long-term pledges		<u>(15)</u>
Net Pledges Receivable Due in One to Five Years	<u>\$ -</u>	<u>\$ 3,021</u>

UNITED WAY OF JACKSON COUNTY

**Notes to Financial Statements
For the Year Ended June 30, 2017
(With Comparative Totals for 2016)**

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>2017</u>	<u>2016</u>
Beneficial interest in assets held by		
The Oregon Community Foundation	\$ -	\$ 441,254
Latham Trust	<u>224,296</u>	<u>223,468</u>
Total Beneficial Interest in Assets Held by Others	<u>\$ 224,296</u>	<u>\$ 664,722</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. For the years ended June 30, 2017 and 2016, there were no new endowment contributions. 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, 2017 and 2016. 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.

UNITED WAY OF JACKSON COUNTY

**Notes to Financial Statements
For the Year Ended June 30, 2017
(With Comparative Totals for 2016)**

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.

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, 2017 and 2016.

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.

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, 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
	<u>\$ -</u>	<u>\$ 350,397</u>	<u>\$ 224,296</u>	<u>\$ 574,693</u>

UNITED WAY OF JACKSON COUNTY

**Notes to Financial Statements
For the Year Ended June 30, 2017
(With Comparative Totals for 2016)**

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>2017</u>	<u>2016</u>
Donor designations from prior year campaign	\$ 30,417	\$ 10,997
Donor designations from current year campaign	<u>35,509</u>	<u>41,923</u>
Total designations payable	65,926	52,920
Undesignated allocations payable to member agencies from prior year campaign	<u>22,332</u>	<u>25,394</u>
Total Designations Payable and Undesignated Allocations Payable	<u>\$ 88,258</u>	<u>\$ 78,314</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, 2017 and 2016, the interest rate was 5.00 percent. 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, 2017. The outstanding balance on the line of credit at June 30, 2016 was \$20,000.

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 2016 or 2017, 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 \$21,600 during both the years ended June 30, 2017 and 2016.

Note 9 - 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, 2017 and 2016, expenditures for development of promotional materials and management consultations totaled \$5,600 and \$5,000, respectively.

UNITED WAY OF JACKSON COUNTY

Notes to Financial Statements
For the Year Ended June 30, 2017
(With Comparative Totals for 2016)

Note 10 - 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, 2017 and 2016, contributions to the Plan totaled \$11,469 and \$10,521, respectively.

Note 11 - Temporarily Restricted Net Assets

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

	<u>2017</u>	<u>2016</u>
Pledges received from the current campaign for use in a future period, net of dollar designations and allowance for uncollectible pledges	\$ 22,812	\$ 37,761
Endowment earnings (Note 12)	60,050	
Big Idea	34,031	
Jackson County Bike Share program		50,143
HOPE Chest (rapid response fund for emergency needs)	16,810	11,133
211 Info Program		417
	<u> </u>	<u> </u>
Total Temporarily Restricted Net Assets	<u>\$ 133,703</u>	<u>\$ 99,454</u>

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>2017</u>	<u>2016</u>
Prior year campaign revenue for the use in the current year, net of donor designations and an allowance for uncollectible pledges	\$ 34,461	\$ 21,290
Jackson County Bike Share program	50,143	13,743
HOPE Chest (rapid response fund for emergency needs)		46,731
Jane Norris Community Childrens Fund		5,640
211 Info Program	417	5,417
Net asset transfer	(60,050)	(62,234)
	<u> </u>	<u> </u>
Total Net Assets Released From Restrictions	<u>\$ 24,971</u>	<u>\$ 30,587</u>

During the year ended June 30, 2017, endowment funds previously held at OCF were distributed to the organization. Accordingly, management identified \$60,050 of earnings on the endowment funds transferred that had not been appropriated for expenditure under the Organization's policies and previously reported as unrestricted. During the year ended June 30, 2016 management identified \$62,234 of donor restricted contributions previously reported as unrestricted. These amounts are reported as a net asset transfer in the table above.

UNITED WAY OF JACKSON COUNTY

Notes to Financial Statements
For the Year Ended June 30, 2017
(With Comparative Totals for 2016)

Note 12 - 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>2017</u>	<u>2016</u>
Gerald Latham Perpetual Charitable Trust (Note 4)	\$ 224,296	\$ 223,468
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>\$ 337,412</u>	<u>\$ 336,584</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.

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, 2017 and 2016, no such deficiencies existed.

UNITED WAY OF JACKSON COUNTY

Notes to Financial Statements
 For the Year Ended June 30, 2017
 (With Comparative Totals for 2016)

Note 12 - Continued

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>2017 Total</u>	<u>2016 Total</u>
Donor restricted endowment fund	\$ -	\$ 60,050	\$ 113,116	\$ 173,166	\$ 113,116

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>2017 Total</u>	<u>2016 Total</u>
Endowment net assets, beginning of year	\$ -	\$ -	\$ 113,116	\$ 113,116	\$ 113,116
Net asset transfer		60,050		60,050	
Endowment Net Assets, End of Year	\$ -	\$ 60,050	\$ 113,116	\$ 173,166	\$ 113,116