

**UNITED WAY OF JACKSON COUNTY**

Financial Statements

For the Year Ended June 30, 2020

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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, 2020 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, 2020 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.

## **Effect of Adopting New Accounting Standard**

As discussed in Note 1, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update ("ASU") 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* as of and for the year ended June 30, 2020. Our opinion is not modified with respect to this matter.

## **Report on Summarized Comparative Information**

We have previously audited the Organization's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 18, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, 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.C.*

Certified Public Accountants  
October 27, 2020

UNITED WAY OF JACKSON COUNTY

Statement of Financial Position

June 30, 2020

(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 114,001	\$ 28,333
Funds held for others	25,554	26,340
Pledges and grants receivable, net (Note 3)	190,634	258,992
Prepaid expenses	<u>2,553</u>	<u>2,636</u>
<b>Total Current Assets</b>	<b>332,742</b>	<b>316,301</b>
Property and equipment, net (Note 2)	364,962	375,555
Capital campaign pledges receivable, net	20,733	26,380
Investments	280,376	182,249
Assets restricted by donors for long-term purposes	193,915	187,666
Beneficial interest in assets held by others (Note 4)	<u>219,472</u>	<u>232,863</u>
<b>Total Assets</b>	<b><u>\$ 1,412,200</u></b>	<b><u>\$ 1,321,014</u></b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 19,349	\$ 7,787
Funds held for others	25,554	26,340
Designations payable (Note 6)	34,426	57,221
Current portion of Paycheck Protection Program loan (Note 8)	<u>48,574</u>	<u></u>
<b>Total Current Liabilities</b>	<b>127,903</b>	<b>91,348</b>
<b>Long-Term Liabilities:</b>		
Paycheck Protection Program loan, net of current portion (Note 8)	<u>59,858</u>	<u></u>
<b>Total Liabilities</b>	<b>187,761</b>	<b>91,348</b>
<b>Net Assets:</b>		
Without Donor Restrictions	589,342	606,690
With Donor Restrictions (Note 10)	<u>635,097</u>	<u>622,976</u>
<b>Total Net Assets</b>	<b><u>1,224,439</u></b>	<b><u>1,229,666</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 1,412,200</u></b>	<b><u>\$ 1,321,014</u></b>

See accompanying notes.

UNITED WAY OF JACKSON COUNTY

Statement of Activities and Changes in Net Assets  
For the Year Ended June 30, 2020  
(With Comparative Totals for 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
<b>Revenues, Gains and Other Support:</b>				
Current year campaign results	\$ 1,084,733	\$ -	\$ 1,084,733	\$ 1,024,319
Current year capital campaign results				32,655
Current year campaign results restricted by purpose		585,826	585,826	188,203
Current year campaign results restricted for time		44,992	44,992	36,547
Gross campaign results	1,084,733	630,818	1,715,551	1,281,724
Less allowance for uncollectable pledges	(61,696)		(61,696)	(39,147)
Less donor designations	(183,405)		(183,405)	(182,165)
Total campaign revenue	839,632	630,818	1,470,450	1,060,412
In-kind contributions	6,976		6,976	9,573
Sponsorships for community projects	6,719		6,719	12,568
Investment return	9,543	6,249	15,792	15,662
Change in value of beneficial interest		(13,391)	(13,391)	5,868
Other revenue	3,993		3,993	3,380
Net assets released from restrictions	611,555	(611,555)		
<b>Total Revenues, Gains and Other Support</b>	<b>1,478,418</b>	<b>12,121</b>	<b>1,490,539</b>	<b>1,107,463</b>
<b>Allocations and Expenses:</b>				
Program services	1,236,050		1,236,050	801,520
Management and general	122,385		122,385	128,065
Fundraising	119,764		119,764	117,630
Total functional expenses	1,478,199		1,478,199	1,047,215
Payments to affiliates	17,567		17,567	12,958
<b>Total Allocations and Expenses</b>	<b>1,495,766</b>		<b>1,495,766</b>	<b>1,060,173</b>
<b>Change in Net Assets</b>	<b>(17,348)</b>	<b>12,121</b>	<b>(5,227)</b>	<b>47,290</b>
Net assets, beginning of year	606,690	622,976	1,229,666	1,182,376
<b>Net Assets, End of Year</b>	<b>\$ 589,342</b>	<b>\$ 635,097</b>	<b>\$ 1,224,439</b>	<b>\$ 1,229,666</b>

See accompanying notes.

UNITED WAY OF JACKSON COUNTY

Statement of Functional Expenses  
For the Year Ended June 30, 2020  
(With Comparative Totals for 2019)

	Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses 2020	Total Expenses 2019
<b>Expenses:</b>						
Salaries and wages	\$ 253,903	\$ 72,024	\$ 66,241	\$ 138,265	\$ 392,168	\$ 395,997
Employee benefits	52,168	14,798	13,610	28,408	80,576	77,799
Payroll taxes	27,778	7,880	7,247	15,127	42,905	36,927
Community projects	580,977	2,348	3,914	6,262	587,239	171,251
Allocations to agencies	222,867				222,867	225,000
Professional services	16,890	3,620	3,620	7,240	24,130	20,395
Office utilities	12,973	2,780	2,780	5,560	18,533	20,913
Depreciation	11,569	2,479	2,479	4,958	16,527	13,820
Meals and travel	8,543	2,483	2,540	5,023	13,566	15,695
Public information	8,206		3,517	3,517	11,723	13,451
Retirement plan contribution	6,889	1,954	1,797	3,751	10,640	9,746
Office expense	6,870	1,472	1,472	2,944	9,814	
Printing	1,518	2,277	2,277	4,554	6,072	7,192
Computer consulting fees	6,109	1,309	1,309	2,618	8,727	6,994
Supplies	2,243	3,365	3,365	6,730	8,973	5,830
Telephone	3,314	710	710	1,420	4,734	3,473
Bank fees	3,031	649	649	1,298	4,329	3,313
Insurance	2,853	611	611	1,222	4,075	3,741
Dues and fees	2,628	563	563	1,126	3,754	4,014
Postage	1,701	364	364	728	2,429	2,338
Equipment rental	1,629	349	349	698	2,327	2,513
Retirement plan administration	955	205	205	410	1,365	1,128
Training and conference	436	145	145	290	726	5,685
<b>Total Expenses</b>	<b>\$ 1,236,050</b>	<b>\$ 122,385</b>	<b>\$ 119,764</b>	<b>\$ 242,149</b>	<b>\$ 1,478,199</b>	<b>\$ 1,047,215</b>

See accompanying notes.

UNITED WAY OF JACKSON COUNTY

Statement of Cash Flows  
For the Year Ended June 30, 2020  
(With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ (5,227)	\$ 47,290
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities-		
Change in value of beneficial interest	13,391	(5,868)
Depreciation	16,528	13,820
Realized and unrealized investment gains	(4,017)	(1,571)
Contributions restricted for the acquisition of long-term assets		(32,655)
(Increase) decrease in operating assets		
Pledges and grants receivable	68,358	(80,922)
Prepaid expenses	83	(1,581)
Increase (decrease) in operating liabilities		
Accounts payable and accrued liabilities	11,562	(12,411)
Undesignated allocations payable		(20,970)
Designations payable	(22,795)	9,569
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>77,883</b>	<b>(85,299)</b>
<b>Cash Flows From Investing Activities:</b>		
Purchase of investments	(586,473)	(179,240)
Proceeds from sale of investments	492,363	150,000
Payments to acquire property and equipment	(5,935)	(61,139)
Change in assets restricted for long-term purposes	(6,249)	(8,717)
<b>Net Cash Used by Investing Activities</b>	<b>(106,294)</b>	<b>(99,096)</b>
<b>Cash Flows From Financing Activities:</b>		
Contributions received restricted for the acquisition of long-term assets	5,647	150,958
Borrowings on Paycheck Protection Program loan	108,432	
<b>Net Cash Provided by Financing Activities</b>	<b>114,079</b>	<b>150,958</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>85,668</b>	<b>(33,437)</b>
Cash and cash equivalents, beginning of year	28,333	61,770
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 114,001</b>	<b>\$ 28,333</b>

See accompanying notes.



## UNITED WAY OF JACKSON COUNTY

### Notes to Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

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#### 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:

Net Assets Without Donor Restriction - Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restriction - Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization or the passage of time, or net assets subject to donor-imposed stipulations that must be maintained permanently by the Organization.

Revenues are reported as increases in net assets without donor restriction unless use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restriction unless their use is restricted by explicit donor stipulation or by law. Expirations of time or purpose 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 net assets without donor restriction.

**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 the 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, 2020 and 2019, the Organization held funds totaling \$25,554 and \$26,340, 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. As of June 30, 2020, all conditions had been met and the related revenue recognized and all payments had been received.

## UNITED WAY OF JACKSON COUNTY

### Notes to Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

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#### 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.

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 net assets without donor restriction, unless their use is restricted by explicit donor restrictions or law. As of June 30, 2020 and 2019, investments are presented in the statement of financial position as assets restricted by donors for long-term purposes of \$193,915 and \$187,666, respectively, and investments of \$280,376 and \$182,249 respectively.

**Assets Restricted by Donors for Long-Term Purposes** - As of June 30, 2020 and 2019, assets restricted by donors for long-term purposes represented restricted endowment contributions, as well as, 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 8 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. During the year ended June 30, 2019, the Organization discontinued the allocations to WILL programs and began paying out the funds on an ongoing basis, causing the year end allocation liability to decrease to zero.

## UNITED WAY OF JACKSON COUNTY

### Notes to Financial Statements For the Year Ended June 30, 2020 (With Comparative Totals for 2019)

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#### 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 increases in net assets without donor restrictions.

**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, 2020 and 2019 included contributed advertising and other goods and services of \$6,976 and \$9,573, 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 12 percent and 16 percent of gross campaign results for both the years ended June 30, 2020 and 2019, respectively.

**Functional Expense Allocation** - The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Organization. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs are directly charged to the functions they benefit. Occupancy, salaries and benefits are assigned a functional allocation percentage based on the current job responsibilities of the staff members.

**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, 2020  
(With Comparative Totals for 2019)

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**Note 1 - Continued**

**Adoption of New Accounting Pronouncement** - During the year ended June 30, 2020, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2018-08 - *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This update was issued to clarify and improve the scope and accounting guidance for contributions received and contributions made. The update assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and (2) determining whether a contribution is conditional. There was no material impact on the Organization's financial statements as a result of implementing this new standard.

**Comparative Amounts for 2019** - 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 Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

**Subsequent Events** - Management has evaluated subsequent events through October 27, 2020, 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>2020</u>	<u>2019</u>
Land	\$ 96,702	\$ 96,702
Building	200,431	200,431
Building improvements	38,710	38,710
Office furniture and equipment	83,890	77,956
Accumulated depreciation	<u>(54,771)</u>	<u>(38,244)</u>
<b>Total Property and Equipment, Net</b>	<b><u>\$ 364,962</u></b>	<b><u>\$ 375,555</u></b>

**Note 3 - Pledges and Grants Receivable**

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

	<u>2020</u>	<u>2019</u>
Unconditional pledges receivable due in less than one year	\$ 232,793	\$ 295,860
Less allowance for uncollectible pledges	<u>(42,159)</u>	<u>(36,868)</u>
<b>Net Pledges Receivable Due in Less Than One Year</b>	<b><u>\$ 190,634</u></b>	<b><u>\$ 258,992</u></b>

UNITED WAY OF JACKSON COUNTY

Notes to Financial Statements  
For the Year Ended June 30, 2020  
(With Comparative Totals for 2019)

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**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>2020</u>	<u>2019</u>
Latham Trust	\$ 219,472	\$ 232,863
<b>Total Beneficial Interest in Assets Held by Others</b>	<b><u>\$ 219,472</u></b>	<b><u>\$ 232,863</u></b>

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, 2020 and 2019. 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 net asset with donor restriction.

**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, 2020 and 2019.

Money Market Funds - Valued at the cost, which approximates fair value.

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.

UNITED WAY OF JACKSON COUNTY

Notes to Financial Statements  
 For the Year Ended June 30, 2020  
 (With Comparative Totals for 2019)

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Note 5 - Continued

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).

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, 2020			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 191,161	\$ -	\$ -	\$ 191,161
Equities	152,851			152,851
Mutual funds-				
Fixed income funds	78,961			78,961
U.S. equity	18,694			18,694
Corporate fixed income		32,624		32,624
Beneficial interest in the Latham Trust			219,472	219,472
	<u>\$ 441,667</u>	<u>\$ 32,624</u>	<u>\$ 219,472</u>	<u>\$ 693,763</u>

UNITED WAY OF JACKSON COUNTY

Notes to Financial Statements  
For the Year Ended June 30, 2020  
(With Comparative Totals for 2019)

Note 5 - Continued

	Fair Value Measurements as of June 30, 2019			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 44,761	\$ -	\$ -	\$ 44,761
Equities	163,107			163,107
Mutual funds-				
Fixed income funds	101,173			101,173
U.S. equity	10,332			10,332
Corporate fixed income		50,542		50,542
Beneficial interest in the Latham Trust			232,863	232,863
	<u>\$ 319,373</u>	<u>\$ 50,542</u>	<u>\$ 232,863</u>	<u>\$ 602,778</u>

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, 2019	\$ 232,863
Total realized and unrealized losses	<u>(13,391)</u>
<b>Balance, June 30, 2020</b>	<b><u>\$ 219,472</u></b>
	Beneficial Interest in Latham Trust
Balance, June 30, 2018	\$ 226,995
Total realized and unrealized gains	<u>5,868</u>
<b>Balance, June 30, 2019</b>	<b><u>\$ 232,863</u></b>

**UNITED WAY OF JACKSON COUNTY**

**Notes to Financial Statements  
For the Year Ended June 30, 2020  
(With Comparative Totals for 2019)**

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**Note 6 - Designations 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>2020</u>	<u>2019</u>
Donor designations from prior year campaign	\$ 12,311	\$ 28,903
Donor designations from current year campaign	<u>22,115</u>	<u>28,318</u>
<b>Total Designations Payable and Undesignated Allocations Payable</b>	<b><u>\$ 34,426</u></b>	<b><u>\$ 57,221</u></b>

**Note 7 - Line of Credit**

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 1.00 percent, but not less than 5.00 percent. At June 30, 2020 and 2019, the interest rate was 5.25 and 7.00 percent, respectively. The line of credit has a maturity date of March 15, 2023 and is renewable annually. There was no outstanding balance on the line of credit at June 30, 2020 and 2019.

**Note 8 - Paycheck Protection Program Loan**

In response to the COVID-19 pandemic, the U.S. Congress passed the Coronavirus Aid, Relief, and Economic Securities Act (CARES Act). Included in the CARES Act was the Paycheck Protection Program (PPP) to provide loans to qualifying small businesses and not-for-profit organizations to cover certain eligible expenses. On April 14, 2020, the Organization obtained a loan under the PPP with a principal balance of \$108,432 and an annual interest rate of 1%. Principal and interest are payable in monthly installments beginning November 14, 2020 through maturity on April 14, 2022.

All or a portion of the PPP loan may be forgiven if certain terms and conditions of the program are met. The Organization's accounting policy for recognition of revenue from forgiveness of the PPP loan is to recognize the revenue when the loan is forgiven by the lender. For the year ended June 30, 2020, management has concluded that none of these conditions have been met and no amounts have been considered forgiven.

To complete the loan forgiveness process management must submit a loan forgiveness application to the lender and then the lender and the Small Business Administration (SBA) must review and approve the application. A risk exists that the lender or the SBA may reject some or all of the requested forgiveness amount during the review process, in which case the Organization will be required to repay the amount that is not forgiven. Subsequent to June 30, 2020, management submitted their application for forgiveness and expects the full amount of the PPP loan to be forgiven.



**UNITED WAY OF JACKSON COUNTY**

**Notes to Financial Statements  
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**Note 8 - Continued**

Future minimum principal payments on the Organization's forgivable loan are as follows if the loan is not forgiven:

For the Year Ending June 30,

2021	\$	48,574
2022		<u>59,858</u>
	\$	<u><u>108,432</u></u>

**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, 2020 and 2019, contributions to the Plan totaled \$10,640 and \$9,747, respectively.

UNITED WAY OF JACKSON COUNTY

Notes to Financial Statements  
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**Note 10 - Net Assets Restricted by Donors**

Net assets restricted for time or purpose at June 30 were available for the following purposes:

	<u>2020</u>	<u>2019</u>
<b>Subject to the Passage of Time:</b>		
Pledges received from the current campaign for use in a future period, net of dollar designations and allowance for uncollectible pledges	\$ 46,193	\$ 40,147
<b>Subject to Expenditure for Specified Purpose:</b>		
Endowment earnings (Note 11)	80,799	74,550
Big Idea		22,138
HOPE Chest (rapid response fund for emergency needs)	115,683	44,401
Capital campaign	16,566	26,380
Suicide prevention	43,268	69,381
	<u>302,509</u>	<u>276,997</u>
<b>Total Subject to the Passage of Time or Expenditure for Specified Purpose</b>		
<b>Endowment Corpus (Note 11):</b>		
Original gifts and required retained earnings (corpus)-		
Geraldine Taylor Estate	93,136	93,136
Albert Relei and Wilson Anderson Memorial	1,000	1,000
Campaign contributions specified for endowment	18,980	18,980
	<u>113,116</u>	<u>113,116</u>
Gerald Latham Perpetual Charitable Trust (Note 4)	219,472	232,863
	<u>332,588</u>	<u>345,979</u>
<b>Total Endowment Funds and Beneficial Interest</b>		
<b>Total Net Assets With Donor Restrictions</b>	<u><u>\$ 635,097</u></u>	<u><u>\$ 622,976</u></u>

**UNITED WAY OF JACKSON COUNTY**

**Notes to Financial Statements  
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**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>2020</u>	<u>2019</u>
Prior year campaign revenue for the use in the current year, net of donor designations and an allowance for uncollectible pledges	\$ 38,947	\$ 13,200
HOPE Chest (rapid response fund for emergency needs)	382,864	69,621
Big Idea	76,530	44,900
Capital campaign	9,814	61,139
Suicide Prevention	<u>103,400</u>	<u>37,694</u>
<b>Total Net Assets Released From Restrictions</b>	<b><u>\$ 611,555</u></b>	<b><u>\$ 226,554</u></b>

During the years ended June 30, 2020 and 2019, \$0 and \$32,655, respectively, were raised in a capital campaign intended to support the purchase and renovation of a building complex. Of the capital campaign funds raised, \$9,814 and \$61,139 were expended during the year ended June 30, 2020 and 2019, respectively, with the remainder expected to be used during fiscal year 2021.

**Note 11 - Endowment Net Assets**

Endowment 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.

**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 determination, the Organization classifies as net assets with donor restriction to be held in perpetuity (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 representing accumulated earnings is held as net assets with donor restriction 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.

UNITED WAY OF JACKSON COUNTY

Notes to Financial Statements  
For the Year Ended June 30, 2020  
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**Note 11 - Continued**

**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, 2020 and 2019, no such deficiencies existed.

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

	Net Assets Without Donor Restriction	Net Assets With Donor Restrictions		2020 Total	2019 Total
		Endowment Earnings	Endowment Corpus		
Donor restricted endowment fund	\$ -	\$ 80,799	\$ 113,116	\$ 193,915	\$ 187,666

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

	Net Assets Without Donor Restriction	Net Assets With Donor Restrictions		2020 Total	2019 Total
		Endowment Earnings	Endowment Corpus		
Endowment net assets, beginning of year	\$ -	\$ 74,550	\$ 113,116	\$ 187,666	\$ 179,452
Net asset transfer					
Investment return		6,249		6,249	8,214
<b>Endowment Net Assets, End of Year</b>	<b>\$ -</b>	<b>\$ 80,799</b>	<b>\$ 113,116</b>	<b>\$ 193,915</b>	<b>\$ 187,666</b>

**Note 12 - Liquidity and Availability of Financial Assets**

At June 30, 2020, the Organization has \$589,188 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure consisting of cash of \$114,001, pledges receivable of \$194,811, and investments of \$280,376. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The contributions receivable are subject to implied time restrictions but are expected to be collected within one year.

**UNITED WAY OF JACKSON COUNTY**

**Notes to Financial Statements  
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**Note 12 - Continued**

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of monthly requirements in short-term investments. To help manage unanticipated liquidity needs the Organization has cash reserves that can be used in the amount of \$120,000 and a committed line of credit of \$100,000, which it could draw upon. Management and the Finance and Investment Committee monitor cash needs regularly.

**Note 13 - Pandemic**

In March 2020, the World Health Organization categorized COVID-19 as a global pandemic, prompting many national, regional, and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. As of the date these financial statements were available to be issued the COVID-19 pandemic was ongoing and the related governmental preventive and protective measures continued, and as a result, the related financial impact and duration of the pandemic cannot be reasonably estimated at this time.