

**UNITED WAY OF LANE COUNTY  
INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS**

**June 30, 2016 and 2015**

UNITED WAY OF LANE COUNTY  
June 30, 2016 and 2015

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# RICHARD MAXWELL CPA LLC

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
United Way of Lane County

We have audited the accompanying financial statements of United Way of Lane County (a nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Lane County as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Richard Maxwell CPA LLC*

Richard Maxwell CPA LLC  
Eugene, Oregon  
October 5, 2016

UNITED WAY OF LANE COUNTY  
 Statements of Financial Position  
 June 30, 2016 and 2015

	2016	2015
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,476,345	\$ 1,304,622
Grants and other receivables	619,894	164,461
Pledges receivable, net	1,020,385	1,038,732
Prepaid expenses and other assets	9,202	8,185
Total current assets	3,125,826	2,516,000
Property, plant & equipment, net of accumulated depreciation	562,033	585,297
Long-term investments	770,555	527,778
Other non-current assets	33,342	34,920
Total assets	\$ 4,491,756	\$ 3,663,995
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 281,940	\$ 157,079
Accrued liabilities	113,487	78,604
Donor designations payable	486,531	498,689
Agency allocations payable	515,045	515,045
Total current liabilities	1,397,003	1,249,417
Net assets:		
Unrestricted	1,721,508	1,582,587
Temporarily restricted	1,034,923	518,669
Permanently restricted	338,322	313,322
Total net assets	3,094,753	2,414,578
Total liabilities and net assets	\$ 4,491,756	\$ 3,663,995

UNITED WAY OF LANE COUNTY  
Statement of Activities  
For the Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>PUBLIC SUPPORT AND REVENUE</b>				
Gross campaign results	\$ 2,139,199	\$ 1,137,395	\$ -	\$ 3,276,594
Less donor designations	-	(1,001,345)	-	(1,001,345)
Less provision for uncollectible pledges	(99,545)	(52,927)	-	(152,472)
Net campaign revenue	<u>2,039,654</u>	<u>83,123</u>	<u>-</u>	<u>2,122,777</u>
Grant revenue	86,404	1,953,243	-	2,039,647
In-kind support	66,134	-	-	66,134
Sponsorships and events	42,280	-	-	42,280
Service revenues and other	84,586	(4,058)	-	80,528
Planned giving contributions	-	-	25,000	25,000
Net assets released from restrictions	1,516,054	(1,516,054)	-	-
	<u>1,795,458</u>	<u>433,131</u>	<u>25,000</u>	<u>2,253,589</u>
Total revenues and other support	<u>3,835,112</u>	<u>516,254</u>	<u>25,000</u>	<u>4,376,366</u>
<b>EXPENSES</b>				
Program services				
Gross funds awarded	1,945,089	-	-	1,945,089
Less donor designations	(1,001,345)	-	-	(1,001,345)
Net funds awarded to agencies	<u>943,744</u>	<u>-</u>	<u>-</u>	<u>943,744</u>
Program expense	2,181,195			2,181,195
Administrative and general	226,978			226,978
Fundraising	344,274			344,274
Total expenses	<u>3,696,191</u>	<u>-</u>	<u>-</u>	<u>3,696,191</u>
Change in net assets	138,921	516,254	25,000	680,175
Net assets at beginning of year	<u>1,582,587</u>	<u>518,669</u>	<u>313,322</u>	<u>2,414,578</u>
Net assets at end of year	<u>\$ 1,721,508</u>	<u>\$ 1,034,923</u>	<u>\$ 338,322</u>	<u>\$ 3,094,753</u>

UNITED WAY OF LANE COUNTY  
Statement of Activities  
For the Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>PUBLIC SUPPORT AND REVENUE</b>				
Gross campaign results	1,997,051	\$ 1,186,568	\$ -	\$ 3,183,619
Less donor designations	-	(1,081,101)	-	(1,081,101)
Less provision for uncollectible pledges	(69,707)	(41,417)	-	(111,124)
Net campaign revenue	<u>1,927,344</u>	<u>64,050</u>	<u>-</u>	<u>1,991,394</u>
Grant revenue	39,941	1,133,989	-	1,173,930
In-kind support	73,167	-	-	73,167
Sponsorships and events	63,336	-	-	63,336
Service revenues and other	106,166	5,694	-	111,860
Planned giving contributions	-	250,000	250,000	500,000
Net assets released from restrictions	1,216,761	(1,216,761)	-	-
	<u>1,499,371</u>	<u>172,922</u>	<u>250,000</u>	<u>1,922,293</u>
Total revenues and other support	<u>3,426,715</u>	<u>236,972</u>	<u>250,000</u>	<u>3,913,687</u>
<b>EXPENSES</b>				
Program services				
Gross funds awarded	2,240,002	-	-	2,240,002
Less donor designations	(1,081,101)	-	-	(1,081,101)
Net funds awarded to agencies	<u>1,158,901</u>	<u>-</u>	<u>-</u>	<u>1,158,901</u>
Program expense	1,810,819	-	-	1,810,819
Administrative and general	140,006	-	-	140,006
Fundraising	<u>356,688</u>	<u>-</u>	<u>-</u>	<u>356,688</u>
Total expenses	<u>3,466,414</u>	<u>-</u>	<u>-</u>	<u>3,466,414</u>
Change in net assets	(39,699)	236,972	250,000	447,273
Net assets at beginning of year	<u>1,622,286</u>	<u>281,697</u>	<u>63,322</u>	<u>1,967,305</u>
Net assets at end of year	<u>\$ 1,582,587</u>	<u>\$ 518,669</u>	<u>\$ 313,322</u>	<u>\$ 2,414,578</u>

UNITED WAY OF LANE COUNTY  
 Statements of Cash Flows  
 For the Years Ended June 30, 2016 and 2015

	<b>2016</b>	<b>2015</b>
Cash flow from operating activities:		
Change in net assets	\$ 680,175	\$ 447,273
Adjustments to reconcile the change in net assets to net cash provided (used) by operating activities:		
Depreciation	23,264	31,717
Changes in operating assets and liabilities:		
Grants and other receivables	(455,433)	(101,652)
Pledges receivable, net	18,347	4,607
Prepaid expenses	(1,017)	(4,305)
Accounts payable	124,861	157,079
Accrued liabilities	34,883	(1,063)
Donor designations payable	(12,158)	67,784
Agency allocations payable	-	(107,511)
Net cash provided (used) by operating activities	412,922	493,929
Cash flows from investing activities:		
Purchases of property, plant & equipment	-	(6,643)
Equipment charged to programs	-	11,878
Purchases of investments	(250,000)	-
Dividends paid from long-term sources	7,224	11,503
Net cash provided (used) by investing activities	(242,776)	16,738
Cash flows from financing activities:		
Cash used to retire long-term assets	1,577	(1,017)
Net cash provided (used) by financing activities	1,577	(1,017)
Net increase in cash	171,723	509,650
Cash at the beginning of the year	1,304,622	794,972
Cash at the end of the year	\$ 1,476,345	\$ 1,304,622
Supplemental disclosure of cash flow information:		
Non-cash transactions:		
In-kind contributions	\$ (66,134)	\$ (73,167)
In-kind expenses	66,134	73,167

UNITED WAY OF LANE COUNTY  
Statement of Functional Expenses  
For the Year Ended June 30, 2016  
(Continued on next page)

	Program				Total Program
	Community	Education	Health	Income	
Direct program expense	\$ 943,744	\$ 772,984	\$ 18,152	\$ 94	\$ 1,734,974
Salary and wages	269,552	450,370	135,699	55,589	911,210
Payroll benefits	33,806	69,296	23,205	5,373	131,680
Payroll taxes	21,606	35,706	10,807	4,513	72,632
Occupancy	1,589	2,354	730	374	5,047
Professional fees	2,923	11,927	2,610	688	18,148
General and administrative expenses					
Fundraising expense	7,760	72,676	105	-	80,541
Staff development & meetings	3,502	11,741	1,889	829	17,961
Copying and printing	966	951	1,143	108	3,168
Credit card and other service charges	1,254	1,841	571	304	3,970
Depreciation	3,742	5,542	1,718	881	11,883
Dues and subscriptions	1,195	1,454	441	226	3,316
Equipment rental	3,065	4,539	1,407	721	9,732
Insurance	1,418	3,060	651	334	5,463
Meals and entertainment	719	1,962	450	201	3,332
Miscellaneous expense	311	294	143	73	821
Office supplies	2,690	18,564	573	250	22,077
Other expenses	5,723	8,477	2,628	1,347	18,175
Postage and delivery	796	4,695	366	187	6,044
Repairs and daintenance	2,185	3,517	956	490	7,148
Taxes	27	40	12	6	85
Technology expense	5,827	12,575	1,301	595	20,298
Travel expenses	5,052	19,668	3,065	681	28,466
Utilities	3,583	3,530	1,094	561	8,768
Total general and administrative expenses	49,815	175,126	18,513	7,794	251,248
 Total expenses	 \$ 1,323,035	 \$ 1,517,763	 \$ 209,716	 \$ 74,425	 \$ 3,124,939



UNITED WAY OF LANE COUNTY  
Statement of Functional Expenses  
For the Year Ended June 30, 2016  
(Continued)

	Supporting services			Total
	Admin	Fundraising	Total	
Direct program expense	\$ -	\$ -	\$ -	\$ 1,734,974
Salary and wages	124,147	118,484	242,631	1,153,841
Payroll benefits	35,528	33,908	69,436	201,116
Payroll taxes	10,985	10,484	21,469	94,101
Occupancy	2,473	2,361	4,834	9,881
Professional fees	4,548	4,341	8,889	27,037
General and administrative expenses				
Fundraising expense	-	127,647	127,647	208,188
Staff development & meetings	4,604	4,394	8,998	26,959
Copying and printing	569	543	1,112	4,280
Credit card and other service charges	1,934	1,846	3,780	7,750
Depreciation	5,823	5,558	11,381	23,264
Dues and subscriptions	1,496	1,428	2,924	6,240
Equipment rental	4,769	4,552	9,321	19,053
Insurance	2,206	2,105	4,311	9,774
Meals and entertainment	723	690	1,413	4,745
Miscellaneous expense	483	461	944	1,765
Office supplies	1,653	1,578	3,231	25,308
Other expenses	8,906	8,500	17,406	35,581
Postage and delivery	1,239	1,183	2,422	8,466
Repairs and daintenance	3,240	3,092	6,332	13,480
Taxes	42	40	82	167
Technology expense	3,933	3,753	7,686	27,984
Travel expenses	3,968	3,787	7,755	36,221
Utilities	3,709	3,539	7,248	16,016
Total general and administrative expenses	49,297	174,696	223,993	475,241
 Total expenses	 \$ 226,978	 \$ 344,274	 \$ 571,252	 \$ 3,696,191

UNITED WAY OF LANE COUNTY  
Statement of Functional Expenses  
For the Year Ended June 30, 2015  
(Continued on Next Page)

	Program				Total Program
	Community	Education	Health	Income	
Direct program expense	\$ 1,158,901	\$ 610,142	\$ 27,504	\$ 2,329	\$ 1,798,876
Salary and wages	253,188	323,786	117,726	60,449	755,149
Payroll benefits	33,453	52,511	18,866	6,087	110,917
Payroll taxes	20,541	22,580	9,267	4,919	57,307
Occupancy	2,097	2,334	899	483	5,813
Professional fees	4,191	4,768	11,755	966	21,680
General and administrative expenses					
Fundraising expense	60,198	16,863	-	-	77,061
Staff development & meetings	648	2,757	572	149	4,126
Copying and printing	1,933	1,169	635	1,553	5,290
Credit card and other service charges	1,380	1,520	585	318	3,803
Depreciation	5,391	5,999	2,311	4,787	18,488
Dues and subscriptions	794	2,752	890	156	4,592
Equipment rental	3,652	4,064	1,565	842	10,123
Insurance	1,579	2,717	677	364	5,337
Meals and entertainment	349	1,252	311	298	2,210
Miscellaneous expense	45	1,317	19	10	1,391
Office supplies	3,769	7,794	877	492	12,932
Other expenses	6,448	7,173	2,761	1,487	17,869
Postage and delivery	1,091	1,023	419	198	2,731
Repairs and maintenance	1,414	1,573	606	326	3,919
Taxes	35	39	15	8	97
Technology expense	2,410	19,028	1,033	555	23,026
Travel expenses	4,328	8,843	3,847	836	17,854
Utilities	4,252	3,063	1,180	634	9,129
Total general and administrative expense	99,716	88,946	18,303	13,013	219,978
Total expenses	<u>\$ 1,572,087</u>	<u>\$ 1,105,067</u>	<u>\$ 204,320</u>	<u>\$ 88,246</u>	<u>\$ 2,969,720</u>

(Continued)

UNITED WAY OF LANE COUNTY  
Statement of Functional Expenses  
For the Year Ended June 30, 2015

	Supporting services			Total
	Administration	Fundraising	Total	
Direct program expense	\$ -	\$ -	\$ -	\$ 1,798,876
Salary and wages	76,858	131,575	208,433	963,582
Payroll benefits	22,961	39,308	62,269	173,186
Payroll taxes	7,004	11,990	18,994	76,301
Occupancy	1,897	3,248	5,145	10,958
Professional fees	3,792	6,491	10,283	31,963
General and administrative expenses			-	
Fundraising expense	-	117,007	117,007	194,068
Staff development & meetings	586	1,004	1,590	5,716
Copying and printing	951	1,627	2,578	7,868
Credit card and other service charges	1,236	2,116	3,352	7,155
Depreciation	4,878	8,351	13,229	31,717
Dues and subscriptions	612	1,047	1,659	6,251
Equipment rental	3,305	5,657	8,962	19,085
Insurance	1,429	2,446	3,875	9,212
Meals and entertainment	264	452	716	2,926
Miscellaneous expense	41	70	111	1,502
Office supplies	1,009	1,728	2,737	15,669
Other expenses	5,832	9,987	15,819	33,688
Postage and delivery	777	1,331	2,108	4,839
Repairs and maintenance	1,279	2,189	3,468	7,387
Taxes	32	55	87	184
Technology expense	2,181	3,733	5,914	28,940
Travel expenses	592	1,013	1,605	19,459
Utilities	2,490	4,263	6,753	15,882
Total general and administrative expense	27,494	164,076	191,570	411,548
Total expenses	\$ 140,006	\$ 356,688	\$ 496,694	\$ 3,466,414

UNITED WAY OF LANE COUNTY  
Notes to the Financial Statements  
For the Years Ended June 30, 2016 and 2015

**Note 1 - Description of Operations and Summary of Significant Accounting Policies**

*Description of operations* – United Way of Lane County (UWLC or Organization) is an Oregon nonprofit that works to support the health, education, and financial stability of every person in Lane County. To do so, UWLC brings together the passionate individuals and organizations that have the knowledge and resources to get things done; engaging top leadership from every sector in developing strategies that will change systems and investing in programs and services that address our community's current social crises.

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

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

*Basis of accounting* – UWLC maintains its books on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Net assets, revenues and expenses are classified based on the existence or absence of donor-imposed restriction. Net assets of UWLC and changes therein are classified into the following three categories:

- *Unrestricted net assets* – represent expendable funds that are available for support of the Organization. Certain of these amounts have been designated by the Board of Directors to be utilized for various purposes.
- *Temporarily restricted net assets* – consist of net assets that have been restricted by the donor for specific purposes or are not available for use until a specific time.

UNITED WAY OF LANE COUNTY  
Notes to the Financial Statements  
For the Years Ended June 30, 2016 and 2015

**Note 1 - Description of Operations and Summary of Significant Accounting Policies  
(continued)**

- *Permanently restricted net assets* – consist of net assets with donor restrictions that stipulate the resources be maintained permanently, but permit UWLC to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes.

Revenues are reported as unrestricted or temporarily restricted based on the existence or lack of donor-imposed restrictions. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation. Expirations of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

UWLC donors have the option of designating a portion or all of their pledges to be passed on to a specific non-profit agency. In these cases, UWLC acts as an agent when it receives assets and agrees to remit these assets to the specified agency on a quarterly basis unless otherwise specified by the donor. On the statement of activities, agency transactions have been included within “gross campaign results” and then subtracted and presented distinctly as “donor designations”.

*Use of estimates* – The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

*Cash and cash equivalents* – Cash and cash equivalents consists of cash maintained in checking and savings accounts and highly liquid investments with original maturities of 90 days or less. Cash is deposited with three regional financial institutions, and exceed amounts insured by the Federal Deposit Insurance Corporation. Such excess amount is \$1,026,160 and \$805,090 at June 30, 2016 and 2015 respectively.

*Investments* – Investments in UWLC’s long-term investment held by the Oregon Community Foundation are measured at fair value in the statement of financial position. Fair values are based on Level 2 of the fair value hierarchy as defined in Note 5 of these financial statements. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets, unless the income or loss is restricted by policy, donor or law.

*Grants and other receivables* – Credit risk associated with grants and other receivables are periodically reviewed by management. An allowance for uncollectible accounts is established if considered necessary. Grants and other receivables are collectible in the current year and stated at the amount UWLC expects to receive.

UNITED WAY OF LANE COUNTY  
Notes to the Financial Statements  
For the Years Ended June 30, 2016 and 2015

**Note 1 - Description of Operations and Summary of Significant Accounting Policies  
(Continued)**

*Pledges receivable, net* – Pledges received from companies and individuals are uncollateralized and are recorded in full when pledges are made. All pledges are due within one campaign cycle. Allowances are provided by campaign year based on amounts estimated to be uncollectible, which are based on past collection experience. Pledges receivable are collectible in the ensuing year and stated at the amount UWLC expects to receive.

*Property, plant and equipment* – Purchased property, plant and equipment are recorded at cost. Donated equipment is recorded at its estimated fair market value on the date of gift. UWLC has a capitalization policy of \$5,000. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed over the estimated useful lives of the property and equipment using the straight-line method (5 to 7 years for equipment and 39 years for building). Gains and losses on the disposal of property and equipment are recorded in the period incurred.

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

For financial statement presentation purposes, UWLC classifies as permanently restricted net assets (a) all funds explicitly stated by the donor to be retained permanently and (b) absent such stipulation, the fair value on the date of gift or gifts donated to the permanent endowment. The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets represents net unappropriated endowment investment income and is classified as unrestricted net assets. Those amounts are designated for expenditure by UWLC, in a manner consistent with the standard of prudence prescribed by OR-UPMIFA. If, as a result of investment losses or appropriations (Board authorized distributions), the fair value of endowment assets is less than the donor restricted amounts, the deficiencies are reported as reductions of UWLC-controlled unrestricted net assets.

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

*Advertising, marketing and public relations expense* – UWLC expenses advertising, marketing and public relations costs as incurred. Such expenses totaled \$70,082 and \$42,468 for the years ended June 30, 2016 and 2015 respectively.

UNITED WAY OF LANE COUNTY  
Notes to the Financial Statements  
For the Years Ended June 30, 2016 and 2015

**Note 1 - Description of Operations and Summary of Significant Accounting Policies (Continued)**

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

*Expense allocation* – The expenses of UWLC are categorized as either program services or supporting services. Program services include direct and indirect costs related to providing the services and community building activities for which purpose UWLC exists. Supporting services include administration and fundraising activities. Expenses are allocated according to actual time incurred by UWLC employees related to these areas.

*In-kind donations of materials and services* – Donated materials and services totaling \$66,134 and \$73,167 for the years ended June 30, 2016 and 2015 respectively, are reflected as “in-kind support” at their estimated fair values at the date of receipt. Donated materials are comprised of equipment, supplies, and food. Donated services are comprised of professional services, as well as television, radio and newspaper advertising and any other services that enhance or create non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Many individuals volunteer their time and perform a variety of tasks that assist UWLC in many areas, including program services, fund raising events and office support, but don’t meet these criteria and are, therefore, not recorded in the financial statements.

**Note 2 – Pledges Receivable, Net**

	June 30,	
	2016	2015
Pledges receivable	\$ 1,172,857	\$ 1,194,366
Less: allowance for uncollectible pledges	(152,472)	(155,634)
Net pledges receivable	\$ 1,020,385	\$ 1,038,732

**Note 3 – Grants and Other Receivables**

	June 30,	
	2016	2015
Grants receivable	\$ 619,894	\$ 153,002
Other receivables	-	11,459
	\$ 619,894	\$ 164,461

UNITED WAY OF LANE COUNTY  
Notes to the Financial Statements  
For the Years Ended June 30, 2016 and 2015

**Note 4 – Property, Plant and Equipment**

	June 30,	
	2016	2015
Land	\$ 296,000	\$ 296,000
Building	419,000	419,000
Equipment	276,595	276,595
	991,595	991,595
Less accumulated depreciation	429,562	406,298
Property, plant & equipment, net	\$ 562,033	\$ 585,297

Depreciation expense for the years ended June 30, 2016 and 2015 was \$23,264 and \$31,717 respectively.

**Note 5 – Investments and Fair Value Measurements**

UWLC has adopted authoritative accounting guidance on fair value measurements. The guidance defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date. UWLC classifies its investments based upon an established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Quoted prices in active markets for identical assets and liabilities.

Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

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. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

UWLC has segregated all financial assets and liabilities that are measured at fair value on a recurring basis (at least annually) into the most appropriate level within the fair value hierarchy based on inputs used to determine the fair value at the measurement date. The following tables disclose the level by fair value hierarchy as of June 30, 2016 and 2015:



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**Note 5 – Investments and Fair Value Measurements (continued)**

Investment assets at fair value as of June 30, 2016				
Description	Level 1	Level 2	Level 3	Total
Beneficial interest in assets of the Oregon Community Foundation	\$ -	\$ 770,555	\$ -	\$ 770,555
Investment assets at fair value as of June 30, 2015				
Description	Level 1	Level 2	Level 3	Total
Beneficial interest in assets of the Oregon Community Foundation	\$ -	\$ 527,778	\$ -	\$ 527,778

**Note 6 – Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of:

	June 30,	
	2016	2015
Education	\$ 929,797	\$ 451,812
Income	-	(2,878)
Health	59,477	84,801
Other	45,649	(15,066)
Temporarily restricted net assets	\$ 1,034,923	\$ 518,669

Negative restrictions represent expenses in excess of current earnings which are expected to be realized in the next fiscal year.

**Note 7 – Endowment**

UWLC’s endowment consists of donor restricted endowment funds. The Board is authorized to determine distributions to be made from endowment funds earnings and has established the long-term policy of maintaining the real (after inflation) purchasing power of endowment gifts.

Authorized distributions (appropriations) are retained as temporarily restricted net assets until disbursement is authorized by UWLC officials consistent with the terms of the gift. Such amounts are then transferred from temporarily restricted net assets to unrestricted net assets and the disbursement is reported as a decrease in unrestricted net assets.

For the years ended June 30, 2016 and 2015, the following table summarizes activity in endowment funds:

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**Note 7 – Endowment (continued)**

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets - June 30, 2014	\$ 18,322	\$ 63,322	\$ 81,644
Contributions	-	250,000	250,000
Interest and dividends	762	-	762
Investment (loss) net	(203)	-	(203)
Expenses	(705)	-	(705)
Distributions	(1,596)	-	(1,596)
Endowment net assets - June 30, 2015	<u>\$ 16,580</u>	<u>\$ 313,322</u>	<u>\$ 329,902</u>
Contributions	-	25,000	25,000
Interest and dividends	4,047	-	4,047
Investment (loss) net	(7,874)	-	(7,874)
Expenses	(2,083)	-	(2,083)
Distributions	(1,596)	-	(1,596)
Endowment net assets - June 30, 2016	<u>\$ 9,074</u>	<u>\$ 338,322</u>	<u>\$ 347,396</u>

**Note 8 – Retirement Plan**

Full-time employees that have met service requirements are covered by a SEP (Simplified Employee Pension), a defined contribution retirement plan. Employer contributions are discretionary and established annually by the board of directors. Employer contributions totaled \$26,196 and \$36,275 for the years ended June 30, 2016 and 2015 respectively and represented 5% of eligible wages.

**Note 9 – Line of Credit**

UWLC has a revolving line of credit agreement with Pacific Continental Bank which expired May 27, 2016 and the line of credit was renewed through June 1, 2018. The agreement permits borrowing up to \$100,000 at a variable interest rate of prime plus zero percent per annum with a floor of 4.5 percent. The credit line is secured by substantially all assets of UWLC. As of June 30, 2016, UWLC had not drawn funds on this line of credit.

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**Note 10 – Commitments and Contingencies**

**Grantor agencies** - Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. UWLC expects such amounts, if any, to be insignificant.

**Deferred benefits** – UWLC provides post-employment health insurance benefits to a key employee who retired during the year ended June 30, 2012. Estimated annual payments of approximately \$6,000 will be paid for health insurance premiums continuing through March 2018. A liability of \$11,037 and \$13,347 is recorded in accrued liabilities at June 30, 2016 and 2015 respectively.

**Unemployment reserve** - UWLC is self-insured with respect to unemployment compensation and maintains a trust account with a third-party administrator. The reserve account balance is included as an other long-term asset. Actual and anticipated claims are evaluated by management and an associated liability, when appropriate, is recorded. The total reserve account asset totaled \$33,342 and \$34,920 at June 30, 2016 and 2015 respectively, and estimated claims outstanding, included in accrued liabilities, totaled \$327 and \$1,400 at June 30, 2016 and 2015 respectively.

**Operating leases** – UWLC has several non-cancelable operating leases, primarily for various forms of equipment, that expire through March, 2020. Those leases generally contain renewal options for periods ranging from three to ten years and require UWLC to pay executory costs such as maintenance and insurance. Rental expense for those leases totaled \$11,970 and \$15,129 for the years ended June 30, 2016 and 2015 respectively.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of June 30, 2016 are:

Year ending June 30,	
2017	\$ 10,326
2018	8,989
2019	8,544
2020	6,408
	<u>\$ 34,267</u>

**Note 11 – Accounting for Uncertain Tax Positions**

UWLC accounts for uncertain tax positions in accordance with FASB Accounting Standards Codification (ASC) 740-10, Income Taxes.

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**Note 11 – Accounting for Uncertain Tax Positions (continued)**

UWLC is not aware of any activities which would terminate its tax exempt status. UWLC recognizes interest and penalties related to income tax matters in operating expenses.

Management has concluded that there were no uncertain tax positions as of June 30, 2016. Tax year returns for 2013, 2014 and 2015 are open to examination by federal and state tax authorities.

**Note 12 – Subsequent Events**

UWLC has evaluated subsequent events through October 9, 2016, the date of the auditor's report, which date represents the date the financial statements were available to be issued. There were no subsequent events requiring disclosure in these financial statements.