

UNITED WAY OF LANE COUNTY

**FINANCIAL STATEMENTS AND
SINGLE AUDIT INFORMATION**

June 30, 2017 and 2016

Jones & Roth

CPAs & Business Advisors

UNITED WAY OF LANE COUNTY
FINANCIAL STATEMENTS AND SINGLE AUDIT INFORMATION
June 30, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Lane County
Springfield, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Lane County (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017; the related statements of activities, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 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.

Prior Period Financial Statements

The financial statements of United Way of Lane County as of June 30, 2016, were audited by other auditors whose report dated October 5, 2016, expressed an unmodified opinion on those statements.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2017 on our consideration of United Way of Lane County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way of Lane County's internal control over financial reporting and compliance.



Jones & Roth, P.C.
Eugene, Oregon
November 2, 2017

FINANCIAL STATEMENTS

UNITED WAY OF LANE COUNTY
STATEMENTS OF FINANCIAL POSITION
June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,974,706	\$ 1,476,345
Grant, contracts, and other receivables	769,949	619,894
Pledges receivable, net	985,013	1,020,385
Prepaid expenses and other assets	<u>8,660</u>	<u>9,202</u>
Total current assets	3,738,328	3,125,826
Long-term investments	867,136	770,555
Property, plant, and equipment, net	540,869	562,033
Other non-current assets	<u>36,171</u>	<u>33,342</u>
Total assets	<u>\$ 5,182,504</u>	<u>\$ 4,491,756</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 624,645	\$ 281,940
Accrued liabilities	106,928	113,487
Donor designations payable	448,975	486,531
Agency allocations payable	<u>842,004</u>	<u>515,045</u>
Total current liabilities	<u>2,022,552</u>	<u>1,397,003</u>
Net assets		
Unrestricted	1,776,799	1,721,508
Temporarily restricted	1,044,831	1,034,923
Permanently restricted	<u>338,322</u>	<u>338,322</u>
Total net assets	<u>3,159,952</u>	<u>3,094,753</u>
Total liabilities and net assets	<u>\$ 5,182,504</u>	<u>\$ 4,491,756</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF LANE COUNTY
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2017 and 2016

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Public support and revenue				
Gross campaign results	\$ 2,235,650	\$ 1,053,892	\$ -	\$ 3,289,542
Less donor designations	-	(969,517)	-	(969,517)
Less provision for uncollectible pledges	(107,459)	(47,375)	-	(154,834)
Net campaign revenue	2,128,191	37,000	-	2,165,191
Grant and contract revenue	167,697	5,477,071	-	5,644,768
In-kind support	61,592	-	-	61,592
Sponsorships and events	101,612	5,000	-	106,612
Service revenue and other	164,527	35,279	-	199,806
Planned giving contributions	-	-	-	-
Net assets released from restrictions	5,544,442	(5,544,442)	-	-
Total public support and revenue	8,168,061	9,908	-	8,177,969
Expenses				
Program services:				
Gross funds awarded	2,138,480	-	-	2,138,480
Less donor designations	(969,517)	-	-	(969,517)
Net funds awarded to agencies	1,168,963	-	-	1,168,963
Other program expenses	6,307,447	-	-	6,307,447
Total program services	7,476,410	-	-	7,476,410
Administrative and general	212,043	-	-	212,043
Fundraising	424,317	-	-	424,317
Total expenses	8,112,770	-	-	8,112,770
Change in net assets	55,291	9,908	-	65,199
Net assets, beginning of year	1,721,508	1,034,923	338,322	3,094,753
Net assets, end of year	\$ 1,776,799	\$ 1,044,831	\$ 338,322	\$ 3,159,952

2016			
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 2,139,199	\$ 1,137,395	\$ -	\$ 3,276,594
-	(1,001,345)	-	(1,001,345)
<u>(99,545)</u>	<u>(52,927)</u>	<u>-</u>	<u>(152,472)</u>
2,039,654	83,123	-	2,122,777
86,404	1,953,243	-	2,039,647
66,134	-	-	66,134
42,282	-	-	42,282
84,584	(4,058)	-	80,526
-	-	25,000	25,000
<u>1,516,054</u>	<u>(1,516,054)</u>	<u>-</u>	<u>-</u>
<u>3,835,112</u>	<u>516,254</u>	<u>25,000</u>	<u>4,376,366</u>
1,945,089	-	-	1,945,089
<u>(1,001,345)</u>	<u>-</u>	<u>-</u>	<u>(1,001,345)</u>
943,744	-	-	943,744
<u>2,181,195</u>	<u>-</u>	<u>-</u>	<u>2,181,195</u>
3,124,939	-	-	3,124,939
226,978	-	-	226,978
<u>344,274</u>	<u>-</u>	<u>-</u>	<u>344,274</u>
<u>3,696,191</u>	<u>-</u>	<u>-</u>	<u>3,696,191</u>
138,921	516,254	25,000	680,175
<u>1,582,587</u>	<u>518,669</u>	<u>313,322</u>	<u>2,414,578</u>
<u>\$ 1,721,508</u>	<u>\$ 1,034,923</u>	<u>\$ 338,322</u>	<u>\$ 3,094,753</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF LANE COUNTY
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Change in net assets	\$ 65,199	\$ 680,175
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	21,165	23,264
Unrealized gain on long-term investments	(96,581)	21,681
(Increase) decrease in:		
Grant, contracts, and other receivables	(150,055)	(455,433)
Pledges receivable, net	35,372	18,347
Prepaid expenses	541	(1,017)
Increase (decrease) in:		
Accounts payable	342,705	124,861
Accrued liabilities	(6,559)	34,883
Donor designations payable	(37,556)	(12,158)
Agency allocations payable	326,959	-
	<u>501,190</u>	<u>434,603</u>
Cash flows from investing activities		
Deposits to long-term investments	-	(275,000)
Proceeds from long-term investments	-	10,543
	<u>-</u>	<u>10,543</u>
Net cash used by investing activities	<u>-</u>	<u>(264,457)</u>
Cash flows from financing activities		
(Deposits to) withdrawals from unemployment reserve	<u>(2,829)</u>	<u>1,577</u>
Net increase in cash	498,361	171,723
Cash, beginning of year	<u>1,476,345</u>	<u>1,304,622</u>
Cash, end of year	<u>\$ 1,974,706</u>	<u>\$ 1,476,345</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF LANE COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2017

	Program				Total Program
	Community	Education	Health	Income	
Grant awards and assistance	\$ 1,169,213	\$ 4,163,204	\$ -	\$ -	\$ 5,332,417
Program contract services	-	545,048	-	-	545,048
Community program outreach	78,307	44,983	5,909	-	129,199
Salary and wages	259,715	588,744	150,323	23,676	1,022,458
Payroll benefits	24,278	80,005	21,690	1,560	127,533
Payroll taxes	22,712	52,026	13,336	1,930	90,004
Occupancy	1,581	3,480	826	169	6,056
Professional fees	3,735	10,143	1,952	399	16,229
Marketing and outreach	11,299	21,194	2,609	-	35,102
Staff development and meetings	2,792	12,155	1,266	1,034	17,247
Copying and printing	2,387	1,873	288	322	4,870
Credit card and other service charges	1,652	3,636	863	176	6,327
Depreciation	2,912	6,411	1,522	311	11,156
Dues and subscriptions	1,318	2,682	637	130	4,767
Equipment rental	2,624	5,776	1,371	280	10,051
Insurance	1,251	4,053	654	134	6,092
Meals and entertainment	392	1,240	277	24	1,933
Miscellaneous expense	-	2,040	26	5	2,071
Office supplies	4,834	2,782	2,271	135	10,022
National affiliate dues	5,871	12,925	3,069	627	22,492
Postage and delivery	1,029	1,997	416	72	3,514
Repairs and maintenance	1,656	3,645	865	177	6,343
Technology expense	6,629	15,237	1,357	253	23,476
Travel expenses	8,571	20,518	2,628	-	31,717
Utilities	3,572	5,221	1,240	253	10,286
Total expenses	\$ 1,618,330	\$ 5,611,018	\$ 215,395	\$ 31,667	\$ 7,476,410

<u>Supporting Services</u>			
<u>General and</u>		<u>Total</u>	
<u>Administrative</u>	<u>Fundraising</u>	<u>Supporting</u>	<u>Total</u>
<u>Services</u>			
\$ -	\$ -	\$ -	\$ 5,332,417
-	-	-	545,048
-	-	-	129,199
129,627	168,326	297,953	1,320,411
21,860	28,386	50,246	177,779
11,438	14,853	26,291	116,295
2,364	3,069	5,433	11,489
5,584	7,251	12,835	29,064
-	148,971	148,971	184,073
3,010	3,908	6,918	24,165
654	850	1,504	6,374
2,470	3,207	5,677	12,004
4,355	5,654	10,009	21,165
1,821	2,366	4,187	8,954
3,923	5,094	9,017	19,068
1,871	2,429	4,300	10,392
337	438	775	2,708
74	96	170	2,241
1,890	2,454	4,344	14,366
8,778	11,399	20,177	42,669
1,012	1,314	2,326	5,840
2,476	3,215	5,691	12,034
3,539	4,596	8,135	31,611
1,414	1,836	3,250	34,967
3,546	4,605	8,151	18,437
<u>\$ 212,043</u>	<u>\$ 424,317</u>	<u>\$ 636,360</u>	<u>\$ 8,112,770</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF LANE COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2016

	Program				Total Program
	Community	Education	Health	Income	
Grant awards and assistance	\$ 936,047	\$ 477,531	\$ -		\$ 1,413,578
Program contract services	-	219,745	-	-	219,745
Community program outreach	7,697	75,708	18,152	94	101,651
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
Marketing and outreach	7,760	72,676	105	-	80,541
Staff development and 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
National affiliate dues	5,723	8,477	2,628	1,347	18,175
Postage and delivery	796	4,695	366	187	6,044
Repairs and maintenance	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 expenses	\$ 1,323,035	\$ 1,517,763	\$ 209,716	\$ 74,425	\$ 3,124,939

<u>Supporting Services</u>		Total	
<u>General and</u>		<u>Supporting</u>	
<u>Administrative</u>	<u>Fundraising</u>	<u>Services</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 1,413,578
-	-	-	219,745
-	-	-	101,651
124,147	118,484	242,631	1,153,841
35,528	33,908	69,436	201,116
10,985	10,484	21,469	94,101
2,473	2,361	4,834	9,881
4,548	4,341	8,889	27,037
-	127,647	127,647	208,188
4,604	4,394	8,998	26,959
569	543	1,112	4,280
1,934	1,846	3,780	7,750
5,823	5,558	11,381	23,264
1,496	1,428	2,924	6,240
4,769	4,552	9,321	19,053
2,206	2,105	4,311	9,774
723	690	1,413	4,745
483	461	944	1,765
1,653	1,578	3,231	25,308
8,906	8,500	17,406	35,581
1,239	1,183	2,422	8,466
3,240	3,092	6,332	13,480
42	40	82	167
3,933	3,753	7,686	27,984
3,968	3,787	7,755	36,221
3,709	3,539	7,248	16,016
<u>\$ 226,978</u>	<u>\$ 344,274</u>	<u>\$ 571,252</u>	<u>\$ 3,696,191</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF LANE COUNTY
NOTES TO FINANCIAL STATEMENTS

1. Organization and Summary of Significant Accounting Policies

Nature of Organization

United Way of Lane County (UWLC) 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.

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

- Unrestricted donations to UWLC are invested in local, nonprofit programs across health, education, financial stability, and basic needs. Community Investment Volunteers allocate unrestricted dollars to partner agencies based on 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 contribution to 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 (U.S. GAAP). Revenue and gains are recognized when earned and expenses and losses are recognized when incurred.

Net assets, revenue, and expenses are classified based on the existence or absence of donor-imposed restrictions. 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 UWLC. Certain of these amounts have been designated by the Board of Directors (the Board) 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.

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.

UNITED WAY OF LANE COUNTY
NOTES TO FINANCIAL STATEMENTS

1. Organization and Summary of Significant Accounting Policies, continued

Basis of Accounting, continued

Revenue is 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 nonprofit 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 statements of activities, agency transactions have been included within "gross campaign results" and then subtracted and presented distinctly as "donor designations."

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash maintained in checking and savings accounts and highly liquid investments with original maturities of 90 days or less.

Long-term Investments

UWLC has long-term investments held with the Oregon Community Foundation (OCF). The investments are considered a beneficial interest in the assets of OCF. The agreement with OCF stipulates the funds are held and owned by OCF; however, UWLC may request distributions of the funds, even to the exhaustion of the funds and OCF does not have variance power with respect to the funds. UWLC accounts for the funds held with OCF as a beneficial interest in the assets of OCF in accordance with U.S. GAAP. Income or loss (including gains and losses on investments, interest, and dividends) are included in the statements of activities as increases or decreases in unrestricted net assets, unless the income or loss is restricted by policy, donor, or law.

Grant, Contracts, and Other Receivables

Credit risk associated with grant, contracts, and other receivables are periodically reviewed by management. An allowance for uncollectible accounts is established if considered necessary by management. UWLC does not have access to collateral for its receivables. 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 FINANCIAL STATEMENTS

1. Organization and Summary of Significant Accounting Policies, continued

Pledges Receivable

Pledges received from companies and individuals are uncollateralized and 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 expected to be collected in the next fiscal year and are stated at the amount UWLC expects to collect.

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 the 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 Oregon Uniform Prudent Management of Institutional Funds Act (OR-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 effects 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 \$26,836 and \$70,082 at June 30, 2017, and 2016, respectively.

UNITED WAY OF LANE COUNTY
NOTES TO FINANCIAL STATEMENTS

1. Organization and Summary of Significant Accounting Policies, continued

Income Tax Status

Under the provisions of the Internal Revenue Code (IRC) 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 \$61,592 and \$66,134 at June 30, 2017, and 2016, 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 do not meet these criteria and are therefore not recorded in the financial statements.

2. Grants, Contracts and Other Receivables

At June 30, grants, contracts and other receivables were comprised of the following:

	<u>2017</u>	<u>2016</u>
Grants and contracts receivable	\$ 764,916	\$ 619,894
Other receivables	<u>5,033</u>	<u>-</u>
Total	<u>\$ 769,949</u>	<u>\$ 619,894</u>

3. Pledges Receivable

At June 30, pledges receivable were comprised of the following:

	<u>2017</u>	<u>2016</u>
Pledges receivable	\$ 1,172,513	\$ 1,172,857
Less: allowance for uncollectible pledges	<u>(187,500)</u>	<u>(152,472)</u>
Pledges receivable, net	<u>\$ 985,013</u>	<u>\$ 1,020,385</u>

UNITED WAY OF LANE COUNTY
NOTES TO FINANCIAL STATEMENTS

4. Property, Plant and Equipment

At June 30, property, plant and equipment consisted of the following:

	2017	2016
Land	\$ 296,000	\$ 296,000
Building	419,000	419,000
Equipment	276,596	276,595
	991,596	991,595
Accumulated depreciation	(450,727)	(429,562)
Property and equipment, net	\$ 540,869	\$ 562,033

Depreciation expense for the years ended June 30, 2017 and 2016, was \$21,165 and \$23,264, respectively.

5. Investments and Fair Value Measurements

UWLC has adopted authoritative 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 prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1: Inputs are quoted prices in active markets for identical assets or liabilities for which UWLC has the ability to access at the measurement date.

Level 2: Inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment is based on the lowest level of input that is significant to the fair value measurement.

UWLC has segregated all financial assets and liabilities that are measured at fair value on a recurring basis (or 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.

UNITED WAY OF LANE COUNTY
NOTES TO FINANCIAL STATEMENTS

5. Investments and Fair Value Measurements, continued

The following tables set forth by level, within the fair value hierarchy, UWLC's investments at fair value as of June 30, 2017 and 2016:

	Assets at Fair Value as of June 30, 2017			
	Level 1	Level 2	Level 3	Total
Long-term investments held at OCF	\$ -	\$ -	\$ 867,136	\$ 867,136

	Assets at Fair Value as of June 30, 2016			
	Level 1	Level 2	Level 3	Total
Long-term investments held at OCF	\$ -	\$ -	\$ 770,555	\$ 770,555

Level 3 measurements: Long-term investments held at OCF represent UWLC's share of a pooled investment portfolio managed by OCF. UWLC's share of the pooled investment portfolio is not actively traded and significant other observable inputs are not available. However, the underlying investments of OCF are measured by management of OCF using a variety of valuation method including the use of Level 1, Level 2 and Level 3 inputs. See Note 8 for reconciliation of changes in assets measured with level 3 inputs.

6. Unrestricted Net Assets

Certain amounts of the unrestricted net assets have been set aside by UWLC's Board. The Board established a board-designated, endowment fund and invested the funds with OCF (see Note 8). The balance of the board-designated endowment at June 30, 2017 and 2016, was \$476,362 and \$423,485, respectively, and was reported with unrestricted net assets.

7. Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of:

	2017	2016
Education	\$ 967,041	\$ 929,797
Health	77,790	59,477
Other	-	45,649
Total temporarily restricted net assets	\$ 1,044,831	\$ 1,034,923

UNITED WAY OF LANE COUNTY
NOTES TO FINANCIAL STATEMENTS

8. Endowment

UWLC's endowment consists of donor-restricted, endowment funds and board-designated, endowment funds. The investment objectives are to invest the endowment funds in a manner that will maximize the benefit intended by the donors and the Board, produce current income to support the programs of UWLC, and protect the principal of the funds. The endowment funds have been invested with OCF and the funds are deemed to be held and owned by OCF as a component fund. OCF determines annual distributions to be made to UWLC; however, the Board of UWLC may request additional distributions, even to the exhaustion of the endowment funds. The Board of UWLC is authorized to determine distributions to be made from endowment fund 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, 2017 and 2016, the following table summarizes activity in endowment funds:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets - July 1, 2015	\$ 464,456	\$ -	\$ 313,322	\$ 777,778
Contributions	-	-	25,000	25,000
Interest and dividends	6,836	2,965	-	9,801
Investment loss	(24,008)	(4,081)	-	(28,089)
Expenses	(2,502)	(890)	-	(3,392)
Distributions	<u>(10,543)</u>	<u>-</u>	<u>-</u>	<u>(10,543)</u>
Endowment net assets - June 30, 2016	434,239	(2,006)	338,322	770,555
Contributions	-	-	-	-
Interest and dividends	4,787	2,270	-	7,057
Investment income	63,597	30,007	-	93,604
Expenses	(2,767)	(1,313)	-	(4,080)
Distributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets - June 30, 2017	<u>\$ 499,856</u>	<u>\$ 28,958</u>	<u>\$ 338,322</u>	<u>\$ 867,136</u>

UNITED WAY OF LANE COUNTY
NOTES TO FINANCIAL STATEMENTS

9. Retirement Plan

Full-time employees that have met service requirements are covered by a Simplified Employee Pension (SEP), a defined-contribution, retirement plan. Employer contributions are discretionary and established annually by the Board. Employer contributions totaled \$22,729 and \$26,196 for the years ended June 30, 2017 and 2016, respectively, and represented 5 percent of eligible wages.

10. Line of Credit

UWLC has a revolving line of credit agreement with Pacific Continental Bank which expires 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, 2017 and 2016, UWLC had not drawn funds on this line of credit.

11. 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 \$4,848 and \$11,037 was recorded in accrued liabilities at June 30, 2017 and 2016, 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 \$36,171 and \$33,342 at June 30, 2017 and 2016, respectively, and estimated claims outstanding, included in accrued liabilities, totaled \$3,156 and \$327 at June 30, 2017 and 2016, 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 3 to 10 years and require UWLC to pay executory costs such as maintenance and insurance. Rental expense for those leases totaled \$11,970 for the years ended June 30, 2017 and 2016.

UNITED WAY OF LANE COUNTY
NOTES TO FINANCIAL STATEMENTS

11. Commitments and Contingencies, continued

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of June 30, 2017, are:

<u>Year ending June 30,</u>	
2018	\$ 8,989
2019	8,544
2020	<u>6,408</u>
	<u>\$ 23,941</u>

12. Accounting for Uncertain Tax Positions

UWLC accounts for uncertain tax positions in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10, *Income Taxes*. 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, 2017 and 2016. Tax-year returns for the previous three years are open to examination by federal and state tax authorities.

13. Concentrations

Concentration of Revenue Sources and Receivables

UWLC receives a large portion of its revenue from two governmental agencies. For the years ended June 30, 2017 and 2016, revenue from two governmental agencies accounted for 59 percent and 23 percent, respectively, of total revenue. As of June 30, 2017 and 2016, receivables from two governmental agencies also accounted for 93 percent and 91 percent, respectively, of total grants, contracts, and other receivables.

Concentrations of Custodial Risk Arising From Cash Deposits in Excess of Insured Limits

Cash is deposited with three regional, financial institutions. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2017 and 2016, bank balances held in excess of FDIC limits were \$1,552,438 and \$1,026,160, respectively.

UNITED WAY OF LANE COUNTY
NOTES TO FINANCIAL STATEMENTS

14. Reclassifications

Certain prior-year amounts have been reclassified to conform to current-year presentation. There was no effect on previously reported net assets or change in net assets.

15. Subsequent Events

Management evaluates events and transactions that occur after the statement of financial position date as potential subsequent events. Management has performed this evaluation through the date of the independent auditor's report.

SINGLE AUDIT INFORMATION

UNITED WAY OF LANE COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2017

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Contract Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
U.S. Department of Education				
Passed through programs from:				
State of Oregon Early Learning Division				
Race to the Top - Early Learning Challenge	36740	84.412	\$ 63,441	\$ 63,441
Race to the Top - Early Learning Challenge	38552	84.412	<u>436</u>	<u>-</u>
Total State of Oregon Early Learning Division			<u>63,877</u>	<u>63,441</u>
Corporation for National and Community Service				
Direct programs:				
Retired and Senior Volunteer Program		94.002	69,306	-
Social Innovation Fund	7-1 - 5-10	94.019	<u>903,465</u>	<u>711,684</u>
Total for Corporation for National and Community Service			<u>972,771</u>	<u>711,684</u>
Total federal awards			<u>\$ 1,036,648</u>	<u>\$ 775,125</u>

UNITED WAY OF LANE COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2017

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of UWLC under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The Schedule is not intended to and does not present the financial position, changes in net assets, or cash flows of UWLC.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

UWLC has elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
United Way of Lane County
Springfield, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way of Lane County (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017; the related statements of activities, functional expenses, and cash flows for the year then ended; and the related notes to the financial statements and have issued our report thereon dated November 2, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way of Lane County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Way of Lane County's internal control. Accordingly, we do not express an opinion on the effectiveness of United Way of Lane County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way of Lane County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of United Way of Lane County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way of Lane County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Jones & Roth, P.C.".

Jones & Roth, P.C.
Eugene, Oregon
November 2, 2017

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
United Way of Lane County
Springfield, Oregon

Report on Compliance for Each Major Federal Program

We have audited United Way of Lane County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of United Way of Lane County's major federal programs for the year ended June 30, 2017. United Way of Lane County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of United Way of Lane County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about United Way of Lane County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of United Way of Lane County's compliance.

Opinion on Each Major Federal Program

In our opinion, United Way of Lane County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of United Way of Lane County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered United Way of Lane County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of United Way of Lane County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Jones & Roth, P.C.
Eugene, Oregon
November 2, 2017

UNITED WAY OF LANE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2017

Summary of Auditor's Results

- The independent auditor's report expresses an unmodified opinion on the financial statements of UWLC.
- No significant deficiencies and no material weaknesses in internal control were disclosed by the audit of the financial statements.
- No instances of noncompliance material to the financial statements were disclosed during the audit.
- No significant deficiencies and no material weaknesses were disclosed during the audit of the internal control over major federal award programs.
- The independent auditor's report on compliance for the major federal award programs for UWLC expresses an unmodified opinion.
- There are no audit findings or questioned costs that are required to be reported under Section 200.516 paragraph (a) of the Uniform Guidance.
- The program tested as a major programs was:

Corporation for National and Community Service – Social Innovation Fund	94.019
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- The threshold for distinguishing between Type A and B programs was \$750,000.
- UWLC does not qualify as a low-risk auditee.

Findings – Financial Statements Audit

None.

Findings and Questioned Costs – Major Federal Award Programs Audit

None.