

UNITED WAY OF CENTRAL OREGON
FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Central Oregon
Bend, Oregon

We have audited the accompanying financial statements of The Deschutes United Way dba United Way of Central Oregon (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, 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 audits 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 The Deschutes United Way dba United Way of Central Oregon as of June 30, 2021 and 2020, 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.

Jones & Roth P.C.

Jones & Roth, P.C.
Bend, Oregon
March 1, 2022

FINANCIAL STATEMENTS

UNITED WAY OF CENTRAL OREGON
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	2021	2020
Assets		
Current assets		
Cash and cash equivalents	\$ 1,440,760	\$ 1,804,814
Investments	248,979	126,434
Pledges receivable, net	154,855	161,501
Other current assets	1,502	2,210
Total current assets	1,846,096	2,094,959
Beneficial interest in assets held by others	270,559	204,404
Property and equipment, net	10,016	9,558
Total assets	\$ 2,126,671	\$ 2,308,921
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 1,373	\$ 901
Accrued expenses	22,674	15,747
Donor designations payable	56,340	68,796
Grants payable	-	288,739
Total current liabilities	80,387	374,183
Long-term liabilities		
Paycheck Protection Program loan	-	56,200
Total liabilities	80,387	430,383
Net assets		
Net assets without donor restrictions:		
Undesignated	1,159,438	808,479
Board designated	56,364	35,222
Total net assets without donor restrictions	1,215,802	843,701
Net assets with donor restrictions:		
Restricted by purpose or time	799,838	1,004,473
Restricted in perpetuity	30,644	30,364
Total net assets with donor restrictions	830,482	1,034,837
Total net assets	2,046,284	1,878,538
Total liabilities and net assets	\$ 2,126,671	\$ 2,308,921

The accompanying notes are an integral part of these statements.

UNITED WAY OF CENTRAL OREGON
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2021 and 2020

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue			
Gross campaign results	\$ 702,867	\$ 396,986	\$ 1,099,853
Less donor designations	-	(341,759)	(341,759)
Less provision for uncollectible pledges	(50,000)	-	(50,000)
Net campaign revenue	652,867	55,227	708,094
Grant revenue	16,100	105,000	121,100
Grant revenue, COVID-19 response	540,000	-	540,000
Grant revenue, PPP loan forgiveness	56,200	-	56,200
In-kind support	199,295	-	199,295
Investment income and change in beneficial interest in the assets held by others, net	123,433	-	123,433
Administration fees	5,984	-	5,984
Net assets released from restrictions	364,582	(364,582)	-
Total public support and revenue	1,958,461	(204,355)	1,754,106
Expenses			
Program services:			
TRACEs	192,635	-	192,635
Community Impact Grants	844,426	-	844,426
Emergency Food & Shelter Grants	-	-	-
Total program services	1,037,061	-	1,037,061
Supporting services:			
Organizational administration	263,100	-	263,100
Fundraising	286,199	-	286,199
Total supporting services	549,299	-	549,299
Total expenses	1,586,360	-	1,586,360
Change in net assets	372,101	(204,355)	167,746
Net assets, beginning of year	843,701	1,034,837	1,878,538
Net assets, end of year	<u>\$ 1,215,802</u>	<u>\$ 830,482</u>	<u>\$ 2,046,284</u>

2020		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 718,082	\$ 437,275	\$ 1,155,357
-	(357,743)	(357,743)
<u>(50,000)</u>	<u>-</u>	<u>(50,000)</u>
668,082	79,532	747,614
111,100	1,040,000	1,151,100
130,679	-	130,679
-	-	-
248,032	-	248,032
7,015	354	7,369
3,342	-	3,342
<u>936,602</u>	<u>(936,602)</u>	<u>-</u>
<u>2,104,852</u>	<u>183,284</u>	<u>2,288,136</u>
759,533	-	759,533
613,498	-	613,498
<u>78,400</u>	<u>-</u>	<u>78,400</u>
<u>1,451,431</u>	<u>-</u>	<u>1,451,431</u>
227,941	-	227,941
<u>296,436</u>	<u>-</u>	<u>296,436</u>
<u>524,377</u>	<u>-</u>	<u>524,377</u>
<u>1,975,808</u>	<u>-</u>	<u>1,975,808</u>
129,044	183,284	312,328
<u>714,657</u>	<u>851,553</u>	<u>1,566,210</u>
<u>\$ 843,701</u>	<u>\$ 1,034,837</u>	<u>\$ 1,878,538</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF CENTRAL OREGON
 STATEMENTS OF CASH FLOWS
 For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 167,746	\$ 312,328
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,897	2,878
Unrealized and realized (gains) losses	(117,428)	8,086
Noncash forgiveness of Paycheck Protection Program loan	(56,200)	-
(Increase) decrease in:		
Pledges receivable, net	6,646	(3,322)
Grant receivable	-	883,588
Other current assets	708	483
Increase (decrease) in:		
Accounts payable	472	(41,518)
Accrued expenses	6,927	3,840
Donor designations payable	(12,456)	2,635
Grants payable	<u>(288,739)</u>	<u>(356,461)</u>
 Net cash provided (used) by operating activities	 <u>(289,427)</u>	 <u>812,537</u>
 Cash flows from investing activities		
Purchase of property and equipment	(3,355)	(7,432)
Purchase of investments	(80,000)	-
Net proceeds from beneficial interest in assets held by others	<u>8,728</u>	<u>8,886</u>
 Net cash provided (used) by investing activities	 <u>(74,627)</u>	 <u>1,454</u>
 Cash flows from financing activities		
Proceeds from Paycheck Protection Program loan	<u>-</u>	<u>56,200</u>
 Net increase (decrease) in cash and cash equivalents	 (364,054)	 870,191
Cash and cash equivalents, beginning of year	<u>1,804,814</u>	<u>934,623</u>
Cash and cash equivalents, end of year	<u>\$ 1,440,760</u>	<u>\$ 1,804,814</u>

The accompanying notes are an integral part of these statements.

UNITED WAY OF CENTRAL OREGON
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2021

	Program Services			Supporting Services			Total
	TRACEs	Community Impact Grants	Total Program Services	Organizational Administration	Fundraising	Total Supporting Services	
Allocation/awards	\$ -	\$ 634,770	\$ 634,770	\$ -	\$ -	\$ -	\$ 634,770
Less donor designations	-	(341,759)	(341,759)	-	-	-	(341,759)
Sub-total allocations/awards	-	293,011	293,011	-	-	-	293,011
Grant awards, COVID-19 response	-	489,680	489,680	-	-	-	489,680
Salaries	116,655	38,444	155,099	134,374	66,840	201,214	356,313
Employee benefits and taxes	29,780	11,208	40,988	35,831	19,975	55,806	96,794
Sub-total personnel	146,435	49,652	196,087	170,205	86,815	257,020	453,107
Contract services	46,200	360	46,560	-	-	-	46,560
Awards and plaques	-	-	-	-	204	204	204
Contributed professional services	-	580	580	3,142	-	3,142	3,722
Professional fees	-	2,733	2,733	16,312	-	16,312	19,045
Supplies	-	866	866	4,671	440	5,111	5,977
Telephone and communications	-	221	221	1,196	-	1,196	1,417
Postage	-	560	560	3,027	-	3,027	3,587
Contributed occupancy	-	1,482	1,482	8,018	-	8,018	9,500
Occupancy	-	975	975	5,277	-	5,277	6,252
Equipment rent and maintenance	-	1,742	1,742	9,426	-	9,426	11,168
Contributed printing and advertising	-	-	-	-	186,073	186,073	186,073
Printing and advertising	-	770	770	-	3,475	3,475	4,245
Travel	-	491	491	2,658	-	2,658	3,149
Meetings and events	-	83	83	449	1,004	1,453	1,536
Insurance	-	602	602	3,257	-	3,257	3,859
Fees and dues	-	400	400	2,194	8,188	10,382	10,782
Staff training	-	-	-	299	-	299	299
Other expenses	-	218	218	1,419	-	1,419	1,637
Depreciation	-	-	-	2,897	-	2,897	2,897
Sub-total	46,200	12,083	58,283	64,242	199,384	263,626	321,909
UWW & UWPBW dues	-	-	-	28,653	-	28,653	28,653
Total functional expenses	\$ 192,635	\$ 844,426	\$ 1,037,061	\$ 263,100	\$ 286,199	\$ 549,299	\$ 1,586,360

The accompanying notes are an integral part of these statements.

UNITED WAY OF CENTRAL OREGON
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2020

	Program Services			Supporting Services				
	TRACES	Community Impact Grants	Emergency Food & Shelter Grants	Total Program Services	Organizational Administration	Fundraising	Total Supporting Services	Total
Allocation/awards	\$ -	\$ 780,803	\$ -	\$ 780,803	\$ -	\$ -	\$ -	\$ 780,803
Less donor designations	-	(357,743)	-	(357,743)	-	-	-	(357,743)
Sub-total allocations/awards	-	423,060	-	423,060	-	-	-	423,060
Grant awards, COVID-19 response	-	135,000	-	135,000	-	-	-	135,000
Salaries	34,233	35,790	-	70,023	122,481	66,840	189,321	259,344
Employee benefits and taxes	9,798	10,242	-	20,040	33,341	19,744	53,085	73,125
Sub-total personnel	44,031	46,032	-	90,063	155,822	86,584	242,406	332,469
Contract services	644,586	285	-	644,871	-	-	-	644,871
Grants to others	-	-	78,400	78,400	-	-	-	78,400
Awards and plaques	12	12	-	24	66	319	385	409
Contributed professional services	517	541	-	1,058	2,860	-	2,860	3,918
Professional fees	2,511	2,625	-	5,136	13,888	-	13,888	19,024
Supplies	897	938	-	1,835	4,960	480	5,440	7,275
Telephone and communications	275	288	-	563	1,522	-	1,522	2,085
Postage	404	422	-	826	2,233	-	2,233	3,059
Occupancy	946	989	-	1,935	5,229	-	5,229	7,164
Equipment rent and maintenance	1,295	1,355	-	2,650	7,168	-	7,168	9,818
Contributed printing and advertising	62,188	-	-	62,188	-	181,926	181,926	244,114
Printing and advertising	-	-	-	-	-	3,810	3,810	3,810
Travel	565	591	-	1,156	3,129	-	3,129	4,285
Meetings and events	392	407	-	799	2,156	15,712	17,868	18,667
Insurance	492	514	-	1,006	2,721	-	2,721	3,727
Fees and dues	362	379	-	741	1,992	7,605	9,597	10,338
Other expenses	60	60	-	120	338	-	338	458
Depreciation	-	-	-	-	2,878	-	2,878	2,878
Sub-Total	715,502	9,406	78,400	803,308	51,140	209,852	260,992	1,064,300
UWW & UWPBW Dues	-	-	-	-	20,979	-	20,979	20,979
Total functional expenses	\$ 759,533	\$ 613,498	\$ 78,400	\$ 1,451,431	\$ 227,941	\$ 296,436	\$ 524,377	\$ 1,975,808

The accompanying notes are an integral part of these statements.

UNITED WAY OF CENTRAL OREGON NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Nature of Activities

The Deschutes United Way, doing business as United Way of Central Oregon (the Organization), was founded in 1952 and is organized to raise funds for partner not-for-profit agencies. The mission statement of the Organization is “Connecting caring people to improve lives and shape a better community.” The Organization is governed by a volunteer board of directors. A general campaign to raise pledges commences in the fall of each year. The Organization also accepts pledges for designated non-partner, not-for-profit agencies. The donor designated amounts to both partner and non-partner agencies are recorded as designations payable on the financial statements.

Major Programs and Services

TRACEs (2017 – Present) Is an Organization-led community initiative with a goal to improve health and well-being in Central Oregon by building resilience and helping people thrive. TRACEs is a long-term effort focused on systemic change, building resilience, and shifting our culture to become more trauma-aware and informed. National research highlights the impact of early experiences on long-term well-being and provides strong and conclusive evidence that childhood trauma and toxic stress have a measurable negative influence on educational achievement, productivity and engagement, and long-term health.

Community Impact Grants (1953 – Present) The Organization operates a rigorous volunteer driven process to change lives and build a healthier community by investing in efficient and effective programs that address critical needs. Grants are awarded, through an open RFP (Request for Proposal) process to proven successful programs that provide the building blocks for opportunity for individuals and families: health, education, and financial stability – while also building resilience. Collectively these programs provided services to more than 64,000 and 58,000 Central Oregonians in 2021-20 and 2020-19, respectively.

Emergency Food & Shelter Grants (2013 – Present) Deschutes County contracts with the Organization to convene and staff a local volunteer board to assess the emergency food and shelter needs and programs in Deschutes County and determine awards, which the Organization then distributes to local emergency service programs.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis in accordance with the accounting principles generally accepted in the United States of America (U.S. GAAP), and accordingly reflect all significant receivables, payables, and other liabilities.

Recent Accounting Standard Adopted

During the year ended June 30, 2021, the Organization adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (FASB ASC Topic 606) and all subsequently issued clarifying ASUs. The ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures related to the nature, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted the new standard effective July 1, 2020, using the full retrospective approach in the financial statements. Given the nature of the Organization’s revenue, no change to previously recognized revenue or net assets was required as the result of adopting the new standard and no new contract assets or liabilities were recognized as the result of adopting the new standard.

UNITED WAY OF CENTRAL OREGON NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies, continued

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

Net assets without donor restrictions – are funds available for use at the discretion of the Board of Directors and/or management for general operating purposes.

Net assets with donor restrictions - consist of net assets that have been restricted by the donor for a specific purpose or are not available until a specified time. Net assets with donor restrictions also include net assets with donor restrictions that stipulate the resources be maintained perpetually, but permit the Organization to use or expend part of all of the income derived from the donated assets.

Revenue is reported as with or without donor restrictions 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 net assets without donor restrictions 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. If the donation is made in the same reporting period that the donor-imposed restriction is met, the donation is reported as an increase in net assets without restrictions.

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, the Organization acts as an agent when it receives assets and agrees to remit these assets to the specified agency with no amount deducted for pledge loss or fees. On the statements of activities, these transactions have been included within “gross campaign results” and then subtracted and presented distinctly as “donor designations.”

Use of 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

The Organization considers all unrestricted, short-term, highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Investments

Investments are comprised of equity, fixed income and alternative securities held at one financial institution and are reported at fair market value (Note 8). Income or loss (including unrealized and realized gains and losses) are included in the statements of activities as increases or decreases in net assets without donor restriction unless the income or loss is restricted by the donor or law.

UNITED WAY OF CENTRAL OREGON
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies, continued

Pledges Receivable

Pledges (promises to give) received from companies and individuals are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when conditions on which they depend on are substantially met or promises become unconditional. Unconditional promises to give are shown as pledges receivable, net of allowance on the statements of financial position. Pledges are uncollateralized and are due within one year. Allowances are provided by campaign year based on amounts estimated to be uncollectible, which are based on past collection experience.

Allowance for Uncollectible Pledges

The allowance for uncollectible pledges is management's estimate of current campaign pledges that will not be collected in subsequent years. Consideration is given to prior collection experiences, collection averages, and current economic conditions in determining the allowance.

Grants Receivable

Credit risk associated with grants receivable are periodically reviewed by management. An allowance for uncollectible accounts is established if considered necessary by management. There was no allowance established at June 30, 2021 and 2020 as the grants receivable were considered fully collectible. The Organization does not have access to collateral for its grants receivable. Grants receivable are all considered current and stated at net realizable value.

Beneficial Interest in Assets Held by Others

The Organization follows FASB Accounting Standards Codification (ASC) 958, *Not for Profit Entities*, for amounts contributed to the Oregon Community Foundation by either the Organization or other donors on behalf of the Organization. FASB ASC 958 specifically requires that if a non-profit organization establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability (Note 4). The beneficial interest in assets held by others is reported at fair market value (Note 8).

Property and Equipment

Acquisitions of property and equipment in excess of \$1,000 are capitalized. Equipment is carried at cost, or if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Compensated Absences

Accrued liabilities include amounts for vacation days, which are earned over time by employees during the year and vary depending on the employee's length of service to the Organization. Accrued vacation at June 30, 2021 and 2020 was \$20,914 and \$13,935, respectively, and is included in accrued expenses on the statements of financial position.

UNITED WAY OF CENTRAL OREGON
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies, continued

Donor Designations Payable

Donor designations payable represents donor-designated contributions the Organization received as an agent that are due to partner and non-partner agencies.

Grants Payable

The Organization makes commitments to certain agencies to provide grant funds. These committed funds are reflected as grants payable when the grants are approved by the Board of Directors of the Organization and when the grants have been promised/awarded to the receiving agencies.

Contributed Services

The Organization receives a substantial amount of services donated by its supporters in carrying out the Organization's activities. These amounts have been reflected in the financial statements in FASB ASC 958, *Not for Profit Entities*. The majority of contributed services is comprised of free advertising and discounted professional fees. For the years ended June 30, 2021 and 2020, contributed services includes \$186,073 and \$244,114, respectively, of contributed advertising, \$3,722 and \$3,918, respectively, in contributed professional services and \$9,500 and \$-0-, respectively, in contributed occupancy (in-kind rent).

Advertising

The Organization uses advertising to promote its fundraising efforts and programs among the audiences it serves. Advertising costs are expensed when incurred. Advertising costs for the years ended June 30, 2021 and 2020, was \$190,318 and \$247,924, respectively. Of this amount, \$186,073 and \$244,114, respectively, was for contributed (in-kind) advertising.

Cost Deduction Standards

The Organization is in compliance with United Way Worldwide cost deduction standards, which state that United Way organizations may charge fees that are based on actual expenses and will not deduct fundraising or processing fees from designated gifts originating by or from any other United Way organization. The Organization does not charge any fees for designated gifts.

Functional Allocation of Expenses

The cost of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. General and administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income Taxes

The Organization has been classified as an organization other than a private foundation, which is exempt from income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provisions for income taxes have been made in the financial statements.

UNITED WAY OF CENTRAL OREGON
NOTES TO FINANCIAL STATEMENTS

2. Cash and Cash Equivalents

The carrying amount of the Organization's cash and cash equivalents balance was \$1,440,760 and \$1,804,814 at June 30, 2021 and 2020, respectively, and the bank balance was \$1,199,643 and \$1,866,201, respectively. Balances in bank accounts exceeded the coverage of federal depository insurance by \$58,456 and \$370,652, at June 30, 2021 and 2020, respectively. The Organization uses a rating system to rate the banks used for deposits, and feels the risk of loss due to any excess deposits is low. There was no restricted cash at June 30, 2021 and 2020.

3. Pledges Receivable

As of June 30, 2021 and 2020, \$204,855 and \$211,501, respectively, remained uncollected from the annual campaign. As of June 30, 2021 and 2020, the Organization has estimated an allowance considered doubtful of \$50,000. The provision for uncollectible pledges is computed based upon a three-year historical average and analysis of current conditions, applied to gross campaign, including donor designations. All pledges, net of the allowance, are expected to be received within one year.

4. Contributions to the Oregon Community Foundation Endowment Fund

The Organization established two funds at the Oregon Community Foundation (the Foundation) with its own funds and specified itself as the beneficiary of the funds. The Foundation refers to such funds as endowment partner funds. The Foundation maintains variance power and legal ownership of all funds, including endowment partner funds, and as such continues to report the funds as assets of the Foundation.

The first fund, The United Way of Central Oregon Community Endowment, is a combination of amounts that the Organization has transferred to the Foundation for its own benefit and of donors' contributions to the Foundation on behalf of the Organization. The fair market value of the fund at June 30, 2021 and 2020 was \$87,008 and \$65,587, respectively, all of which is recorded as a beneficial interest in assets held by others. A portion of the fund is considered restricted in perpetuity by the donors and a portion is board-designated.

The second fund is the United Way of Central Oregon Endowment Fund. This fund contains amounts transferred by the Organization for its own benefit. The fair market value of the Fund at June 30, 2021 and 2020 was \$183,551 and \$138,817, respectively, and in accordance with FASB ASC 958, the entire amount has been recorded as a beneficial interest in assets held by others and is considered to be without donor restriction.

The Organization's two funds (the Endowment) at the Foundation were established to account for donor restricted contributions and to support the general purposes of the Organization by attracting and growing planned gifts that generate income beyond the annual campaign. The Endowment, which is comprised of these two accounts, includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

UNITED WAY OF CENTRAL OREGON
NOTES TO FINANCIAL STATEMENTS

4. Contributions to the Oregon Community Foundation Endowment Fund, continued

Changes in endowment assets for the fiscal years ended June 30:

	2021			
	Without Donor Restriction		With Donor Restrictions	Total
	Undesignated	Board Designated		
Endowment Funds, July 1, 2020	\$ 138,817	\$ 35,223	\$ 30,364	\$ 204,404
Investment return:				
Investment income	806	381	-	1,187
Realized gains	7,590	3,588	-	11,178
Unrealized gains	43,937	20,761	-	64,698
Total investment return	52,333	24,730	-	77,063
Contributions:	-	-	280	280
Appropriation of endowment:				
Disbursements	(6,119)	(2,889)	-	(9,008)
Investment fees	(1,480)	(700)	-	(2,180)
Total appropriations	(7,599)	(3,589)	-	(11,188)
Endowment Funds, June 30, 2021	\$ 183,551	\$ 56,364	\$ 30,644	\$ 270,559
	2020			
	Without Donor Restriction		With Donor Restrictions	Total
	Undesignated	Board Designated		
Endowment Funds, July 1, 2019	\$ 145,410	\$ 38,333	\$ 30,364	\$ 214,107
Investment return:				
Investment income	988	467	-	1,455
Realized gains	548	259	-	807
Unrealized gains (losses)	(787)	(372)	-	(1,159)
Total investment return	749	354	-	1,103
Contributions:	-	-	-	-
Appropriation of endowment:				
Disbursements	(6,038)	(2,848)	-	(8,886)
Investment fees	(1,304)	(616)	-	(1,920)
Total appropriations	(7,342)	(3,464)	-	(10,806)
Endowment Funds, June 30, 2020	\$ 138,817	\$ 35,223	\$ 30,364	\$ 204,404

UNITED WAY OF CENTRAL OREGON
NOTES TO FINANCIAL STATEMENTS

4. Contributions to the Oregon Community Foundation Endowment Fund, continued

The Foundation does not provide the Organization information on the purchases and sales of investments held at the Foundation. As such, the Organization reports as the change in value of the endowment funds the net amount for investment income, disbursements, and investment fees realized in the endowment funds.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-specified funds that the Organization must hold in perpetuity or for a donor-specified period(s), as well as board-designated funds. The Organization's endowment funds are held with the Foundation. It is the Organization's belief that the Foundation invests conservatively and therefore, the endowment funds may earn a rate slightly below average.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation distributes, not less than annually, an appropriate percentage of the fair market value of the principal and income of the Endowment to the Organization. The Foundation may make distributions from the Endowment to the Organization in addition to the annual distribution upon a majority vote of the Organization's board of directors if in the sole judgment of the board of directors of the Foundation the requested distribution is consistent with the objectives and purposes of the Organization and with the charitable, educational, and scientific needs of the state of Oregon.

It is the Organization's policy that Endowment generated income can be used to respond to crises, fund new or high priority projects, underwrite research, provide for expansion, and for other uses consistent with the mission of the Organization. This policy provides the Organization income to respond to current priorities and to ensure funds will be available for future needs.

5. Property and Equipment

Property and equipment is reported at cost if purchased or at fair market value at the date of donation if donated. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Maintenance and repairs are charged to expenses as incurred; major renewals and betterments are capitalized. Gross equipment at June 30, 2021 and 2020 totaled \$40,745 and \$37,390, respectively. Accumulated depreciation totaled \$30,729 and \$27,832 for the years ended June 30, 2021 and 2020, respectively. Office equipment is depreciated over an estimated useful life of 5 years. Depreciation expense for the years ended June 30, 2021 and 2020 was \$2,897 and \$2,878, respectively.

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6. Board Designated Net Assets

The Board of Directors of the Organization has made certain designations of net assets without donor restrictions. These designations are as follows:

Operating Reserve - The operating reserve is for cash flow deficiencies or community emergencies. The target for this reserve is one-half of the previous year's overhead expenses.

Endowment Reserves - The purpose of the endowment reserves is to support the general purposes of the Organization by attracting and growing planned gifts that generate income beyond the annual campaign.

7. Grant Revenue

For the years ended June 30, grant revenue consisted of the following:

	<u>2021</u>	<u>2020</u>
Central Oregon 2-1-1	\$ -	\$ 10,000
TRACEs	40,000	750,000
Emergency food and shelter	78,400	78,400
Foster services	-	300,000
COVID-19 response	540,000	130,679
Paycheck Protection Program loan forgiveness	56,200	-
Other programs	<u>2,700</u>	<u>12,700</u>
Total grant revenue	<u>\$ 717,300</u>	<u>\$ 1,281,779</u>

8. Fair Value Measurements

The Organization 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. The Organization 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 the Organization has the ability to access at the measurement date.

Level 2: Inputs (other than quoted prices in active markets 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.

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NOTES TO FINANCIAL STATEMENTS

8. Fair Value Measurements, continued

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.

The Organization 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.

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

	2021			
	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Investments, at fair value:				
Mutual funds - equity securities	\$ 238,834	\$ -	\$ -	\$ 238,834
Mutual funds - alternatives	10,145	-	-	10,145
Beneficial interest in the Foundation	-	-	270,559	270,559
Total investments, at fair value	\$ 248,979	\$ -	\$ 270,559	\$ 519,538

	2020			
	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Investments, at fair value:				
Mutual funds - equity securities	\$ 120,577	\$ -	\$ -	\$ 120,577
Mutual funds - alternatives	5,857	-	-	5,857
Beneficial interest in the Foundation	-	-	204,404	204,404
Total investments, at fair value	\$ 126,434	\$ -	\$ 204,404	\$ 330,838

Level 3 measurements: The Foundation's management represents the Organization's share of assets held by the Foundation and consist of financial assets the fair value of which is measured using a variety of valuation methods including the use of Level 1, Level 2, and Level 3 inputs. As such, the Organization considers the fair value of the beneficial interest in the assets of the Foundation to be determined using Level 3 inputs.

9. Retirement Plan

The Organization maintains a simplified employee retirement plan, which is a defined contribution plan, for its employees. All employees who have attained the age of 21 and have earned at least \$450 of compensation during the year are eligible for the plan beginning January of the following year. The Organization contributes 6.0 percent of the employees' compensation to the plan. The contribution for the years ended June 30, 2021 and 2020 was \$19,848 and \$19,848, respectively.

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10. Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions and natural disasters for which the Organization carries commercial insurance. There have been no significant reductions in coverage from the previous years and settlements have not exceeded coverage in the past three years.

11. Concentrations

The Organization's revenue is comprised substantially of donations in Deschutes County, Oregon. For the years ended June 30, 2021 and 2020, 20 percent and 19 percent of the Organization's net campaign revenue came from two campaigns, respectively. Additionally, for the years ended June 30, 2021 and 2020, 70 percent and 78 percent of the Organization's grant revenue came from one agency and three agencies, respectively.

12. Credit Risk

The Organization has credit risk arising from pledge receivables. The maximum potential loss at June 30, 2021 and 2020 was net pledges receivable of \$154,855 and \$161,501, respectively. The maximum risk of loss related to investments and the beneficial interest in assets held by others equals the carrying amounts presented in the financial statements.

13. Revocable Split-Interest Agreements and Wills

The Organization has been named as a beneficiary in split-interest agreements and wills; however, no assets or revenue have been recognized related to these agreements or wills as the Organization had not received an irrevocable right to these benefits as of June 30, 2021 and 2020.

14. Operating Lease

The Organization's office space is leased from Deschutes County under a lease that was extended until June 30, 2023, with an option to extend for an additional three years. The new lease extension is for 733 square-feet of office space. Payments are scheduled to escalate throughout the term of the lease. The lease has an early termination clause allowing the Organization to terminate their lease without penalty upon sixty days' notice. Rental payments were \$521 and \$597 per month for the years ended June 30, 2021 and 2020, respectively. Rental expense for the years ended June 30, 2021 and 2020 was \$6,252 and \$7,164, respectively.

Minimum future payments under the noncancelable lease term are as follows:

<u>Year Ending June 30,</u>	
2022	\$ 6,444
2023	<u>6,636</u>
Total	<u>\$ 13,080</u>

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15. Liquidity and Availability of Resources

The Organization has a policy to manage its liquidity and reserves in order to meet its needs to fund operating expenditures. The following table reflects the Organization's financial assets as of June 30, 2021, reduced by amounts not available for general expenditures within one year:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,440,760	\$ 1,804,814
Investments	248,979	126,434
Pledges receivable, net	154,855	161,501
Beneficial interest in assets held by others	<u>270,559</u>	<u>204,404</u>
 Total financial assets	 2,115,153	 2,297,153
 Less those unavailable for general expenditure within one year due to:		
Donor designations payable	(56,340)	(68,796)
Board designated reserves	(56,365)	(35,222)
Donor purpose restrictions	(799,838)	(1,004,473)
Perpetual endowment funds	<u>(30,644)</u>	<u>(30,364)</u>
 Financial assets available for general expenditure	 <u>\$ 1,171,966</u>	 <u>\$ 1,158,298</u>

16. Paycheck Protection Program Loan

The Organization applied for and was awarded a Paycheck Protection Program (PPP) loan under the Coronavirus Aid, Relief and Economic Security Act (the CARES Act) through Umpqua Bank. The Organization was approved for a loan in the amount of \$56,200 as evidenced by a promissory note dated May 9, 2020. The loan accrued interest at a rate of 1.00 percent (simple interest). The loan was unsecured.

The provisions of the CARES Act and the loan agreement stated that the Organization may apply to the lender for forgiveness of the loan in the amount equal to the sum of eligible costs incurred by the Organization as defined in the CARES Act and the loan agreement.

The Organization applied for and was granted full forgiveness of the PPP loan by Umpqua Bank and the SBA in April 2021. The debt forgiveness was recognized as grant revenue in the statement of activities for the year ended June 30, 2021 in accordance with FASB ASC 470-50 *Debt Extinguishment*.

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NOTES TO FINANCIAL STATEMENTS

17. Economic Uncertainties

As a result of the continuing COVID-19 coronavirus pandemic, for the year ended June 30, 2020, the Organization received several private and governmental grants that were and will continue to be distributed to the communities served by the Organization. The Organization's management anticipates that the pandemic may negatively impact further campaign results; however, any such impact is not estimable at this time. As of the date of the independent auditor's report, there still exists certain economic uncertainties related to the COVID-19 coronavirus pandemic. These continued uncertainties have the potential to result in a significant impact to the Organization's future financial condition and operating results; however, any such future impact and duration of such impact cannot be reasonably estimated at this time.

18. Reclassification

Certain prior year amounts have been reclassified to conform to current year presentation. Such reclassifications had no impact on previously reported net assets or change in net assets.

19. 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.