



FINANCIAL STATEMENTS

Year Ended June 30, 2019

with

Independent Auditors' Report

UNITED WAY OF THE COLUMBIA-WILLAMETTE

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Independent Auditors' Report

The Board of Directors
United Way of the Columbia-Willamette

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of the Columbia-Willamette, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 the Columbia-Willamette as of June 30, 2019, 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.

Emphasis of a Matter

As discussed in *Note 1* to the financial statements, United Way of the Columbia-Willamette has adopted Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited United Way of the Columbia-Willamette's 2018 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated March 20, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Huffman, Stewart & Schmidt, P.C.

Lake Oswego, Oregon
January 21, 2020

UNITED WAY OF THE COLUMBIA-WILLAMETTE

Statement of Financial Position

June 30, 2019 (With Comparative Amounts for 2018)

ASSETS				
	Without Donor Restrictions	With Donor Restrictions	Total	
			2019	2018
Cash and cash equivalents	\$ 386,987	\$ 1,089,361	\$ 1,476,348	\$ 442,216
Pledges receivable - net	2,100,884	119,361	2,220,245	2,038,328
Government grants and contracts receivable	2,048,028	-	2,048,028	2,468,833
Private grants receivable	-	-	-	450,000
Accounts and other receivables	9,478	-	9,478	2,110
Prepaid expenses and other assets	229,842	-	229,842	244,401
Investments (Notes 4 and 14)	8,613,416	2,779,484	11,392,900	12,166,431
Interest in perpetual trusts (Notes 5 and 14)	-	913,154	913,154	921,107
Property and equipment - net (Note 6)	2,939,320	-	2,939,320	3,212,528
Total assets	\$ 16,327,955	\$ 4,901,360	\$ 21,229,315	\$ 21,945,954
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable and accrued liabilities	\$ 3,124,826	\$ -	\$ 3,124,826	\$ 3,686,192
Deferred revenue	109,963	-	109,963	388,595
Accrued grants to programs	500,000	-	500,000	820,000
Donor-designated contributions payable	1,237,758	-	1,237,758	1,011,440
Total liabilities	4,972,547	-	4,972,547	5,906,227
Commitments and contingency (Notes 2 and 16)				
Net assets:				
Without donor restrictions:				
Board-designated (Note 7)	8,820,166	-	8,820,166	9,082,645
Undesignated (Note 8)	2,535,242	-	2,535,242	2,618,747
With donor restrictions (Notes 9 and 10)	-	4,901,360	4,901,360	4,338,335
Total net assets	11,355,408	4,901,360	16,256,768	16,039,727
Total liabilities and net assets	\$ 16,327,955	\$ 4,901,360	\$ 21,229,315	\$ 21,945,954

The accompanying notes are an integral part of the financial statements.

UNITED WAY OF THE COLUMBIA-WILLAMETTE

Statement of Activities

Year Ended June 30, 2019 (With Comparative Totals for 2018)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2019	2018
Public support and revenue:				
Gross campaign revenue, including amounts raised for others	\$ 10,092,792	\$ 501,839	\$ 10,594,631	\$ 11,711,959
Less amounts designated to others	(5,964,638)	(300,946)	(6,265,584)	(6,856,964)
Campaign revenue	4,128,154	200,893	4,329,047	4,854,995
Less provision for uncollectible pledges	(150,000)	-	(150,000)	(151,000)
Net campaign revenue	3,978,154	200,893	4,179,047	4,703,995
Government grants and contracts (Note 16)	11,185,050	-	11,185,050	10,818,498
Private grants and contributions	241,142	621,565	862,707	480,427
In-kind contributions	129,160	-	129,160	133,567
Service fees	104,456	-	104,456	19,882
Other	27,421	-	27,421	53,123
Net assets released from restrictions (Note 11)	419,307	(419,307)	-	-
Total public support and revenue	16,084,690	403,151	16,487,841	16,209,492
Expenses:				
Program services:				
Program grants, including amounts raised for others (Note 1)	8,818,160	300,946	9,119,106	9,958,439
Less amounts designated to others	(5,964,638)	(300,946)	(6,265,584)	(6,856,964)
Net program grants	2,853,522	-	2,853,522	3,101,475
Community investment	1,179,995	-	1,179,995	1,220,498
Hands on Greater Portland	533,923	-	533,923	498,637
Early Learning Hubs	9,116,489	-	9,116,489	8,887,667
Total program services	13,683,929	-	13,683,929	13,708,277
Supporting services:				
Fundraising campaign	1,831,758	-	1,831,758	1,750,652
Management and general	1,525,410	-	1,525,410	1,496,627
Total supporting services	3,357,168	-	3,357,168	3,247,279
Total expenses	17,041,097	-	17,041,097	16,955,556
Increase (decrease) in net assets from operating activities (carried forward)	(956,407)	403,151	(553,256)	(746,064)

The accompanying notes are an integral part of the financial statements.

UNITED WAY OF THE COLUMBIA-WILLAMETTE

Statement of Activities - Continued

Year Ended June 30, 2019 *(With Comparative Totals for 2018)*

	Without Donor Restrictions	With Donor Restrictions	Total	
			2019	2018
Increase (decrease) in net assets from operating activities (brought forward)	\$ (956,407)	\$ 403,151	\$ (553,256)	\$ (746,064)
Non-operating activities:				
Investment return, net	560,604	167,827	728,431	786,396
Distributions from perpetual trusts	49,819	-	49,819	29,901
Change in value of perpetual trusts <i>(Note 5)</i>	-	(7,953)	(7,953)	10,245
Total non-operating activities	610,423	159,874	770,297	826,542
Increase (decrease) in net assets	(345,984)	563,025	217,041	80,478
Net assets, beginning of year	11,701,392	4,338,335	16,039,727	15,959,249
Net assets, end of year	\$ 11,355,408	\$ 4,901,360	\$ 16,256,768	\$ 16,039,727

The accompanying notes are an integral part of the financial statements.

UNITED WAY OF THE COLUMBIA-WILLAMETTE

Statement of Functional Expenses

Year Ended June 30, 2019 (With Comparative Totals for 2018)

	Program Services				Supporting Services			Total		
	Program Grants	Community Investment	Hands on Greater Portland	Early Learning Hubs	Total	Fundraising Campaign	Management and General	Total	2019	2018
Program grants, including amounts raised for others	\$ 9,119,106	\$ -	\$ -	\$ -	\$ 9,119,106	\$ -	\$ -	\$ -	\$ 9,119,106	\$ 9,958,439
Less amounts designated to others	(6,265,584)	-	-	-	(6,265,584)	-	-	-	(6,265,584)	(6,856,964)
Net program grants	2,853,522	-	-	-	2,853,522	-	-	-	2,853,522	3,101,475
Salaries and wages	-	475,038	309,037	681,853	1,465,928	1,112,146	912,190	2,024,336	3,490,264	3,299,741
Employee benefits and payroll taxes	-	90,269	66,805	154,879	311,953	203,084	156,804	359,888	671,841	816,470
Early Learning Hubs support	-	-	-	7,682,049	7,682,049	-	-	-	7,682,049	7,659,206
Professional services	-	220,646	7,428	187,764	415,838	57,562	183,046	240,608	656,446	559,656
Telephone and postage	-	6,890	6,116	12,111	25,117	19,519	9,859	29,378	54,495	52,682
Occupancy	-	19,510	16,768	31,100	67,378	53,028	32,562	85,590	152,968	154,568
Equipment rental and maintenance	-	13,655	18,590	26,000	58,245	36,795	22,335	59,130	117,375	107,249
Supplies and subscriptions	-	1,567	3,679	24,051	29,297	5,617	3,968	9,585	38,882	25,728
Advertising	-	127,075	22,607	10,823	160,505	91,126	46	91,172	251,677	188,478
Printing and supplies	-	1,825	23,081	102,697	127,603	21,005	2,815	23,820	151,423	84,867
Travel, conferences, and meetings	-	26,595	19,853	96,944	143,392	68,452	43,835	112,287	255,679	234,917
Miscellaneous	-	19,760	2,077	36,422	58,259	16,618	65,068	81,686	139,945	169,372
United Way Worldwide dues	-	133,384	250	-	133,634	27,796	19,813	47,609	181,243	202,509
Total before depreciation and amortization	2,853,522	1,136,214	496,291	9,046,693	13,532,720	1,712,748	1,452,341	3,165,089	16,697,809	16,656,918
Depreciation and amortization	-	43,781	37,632	69,796	151,209	119,010	73,069	192,079	343,288	298,638
	\$ 2,853,522	\$ 1,179,995	\$ 533,923	\$ 9,116,489	\$13,683,929	\$ 1,831,758	\$ 1,525,410	\$ 3,357,168	\$17,041,097	\$16,955,556

The accompanying notes are an integral part of the financial statements.

UNITED WAY OF THE COLUMBIA-WILLAMETTE

Statement of Cash Flows

Year Ended June 30, 2019 <i>(With Comparative Totals for 2018)</i>	2019	2018
Cash flows from operating activities:		
Cash receipts:		
Campaign revenue	\$ 10,262,714	\$ 12,256,227
Government grants and contracts	11,327,223	11,765,121
Private grants and contributions	1,312,707	622,927
Interest and dividends	229,940	210,330
Other	99,738	85,128
Cash paid:		
Allocations to agencies	(3,173,522)	(3,631,475)
Donor designated contributions to agencies	(6,039,266)	(7,858,206)
Employees and suppliers	(14,070,683)	(14,012,410)
Payments to affiliated organizations	(191,251)	(183,871)
Net cash used by operating activities	(242,400)	(746,229)
Cash flows from investing activities:		
Purchases of property and equipment	(70,080)	(726,491)
Purchase of investments	(229,915)	(210,330)
Proceeds from sale of investments	1,576,527	878,734
Net cash provided (used) by investing activities	1,276,532	(58,087)
Net increase (decrease) in cash and cash equivalents	1,034,132	(804,316)
Cash and cash equivalents, beginning of year	442,216	1,246,532
Cash and cash equivalents, end of year	\$ 1,476,348	\$ 442,216

The accompanying notes are an integral part of the financial statements.

UNITED WAY OF THE COLUMBIA-WILLAMETTE

Notes to Financial Statements

1. Nature of Operations and Significant Accounting Policies

Organization - At United Way of the Columbia-Willamette (UWCW), we have a simple, ambitious vision: invest in our region's kids so they are free from poverty and free to reach their potential.

We have been bringing our community to do good for nearly 100 years. We are uniquely positioned to connect and support the people, nonprofits, businesses, and government agencies working hard to address poverty in our region. Leveraging our capacity as a convener and our trusted brand as an influencer, we focus on where the need is the greatest and identify and scale what works.

Together we are making schools, families, and communities stronger for the kids of our region:

Schools for kids - We are working to ensure that kids, from pre-school through graduation, get the support they need to stay in school and succeed so they can enter college or the workforce ready to thrive and contribute.

Families for kids - We are helping families meet basic needs and have a stable foundation so kids can focus in school.

Communities for kids - We are activating the village. We mobilize over 20,000 volunteers a year by connecting them to projects that directly support kids in our region.

Learn more about our mission and what we do at: <https://www.unitedway-pdx.org>.

UWCW conducts annual workplace and community fundraising campaigns dedicated to support the area's health and human services; brings together community leaders and experts to identify the needs of the community; and uses a volunteer driven grant funding model to invest in programs and partners who are committed to achieving measurable results. UWCW also funds strategic partnerships and initiatives that include Earned Income Tax Credit Assistance, Project Access NOW (health access and services for those in need), 211 Info (resource hotline), and Safety Net programs (food, rent, and utility assistance).

Program Services - UWCW is proud to work with and fund nonprofit organizations across our four-county region who share in our commitment to address childhood poverty and advance racial equity. By investing in and connecting these organizations together, we believe we can dig deeper into the root causes of poverty, and create or share existing practices that will allow us to move kids and families in our region out of poverty more efficiently and in a sustainable manner.

UNITED WAY OF THE COLUMBIA-WILLAMETTE

Notes to Financial Statements - Continued

1. Nature of Operations and Significant Accounting Policies - Continued Program Services - Continued

Net Program Grants - UWCW is activating our strategic plan by making investments through three specific funding strategies: Community Transformation, Community Safety Net, and Catalyst.

Community Transformation: The Community Transformation funding strategy is a long-term investment in one group, or collaborative, whose mission is to transform our region's most impoverished communities using the Collective Impact Model. The group selected for this grant, Successful Families 2020, is comprised of six of our region's leading nonprofit organizations serving low-income and culturally specific communities. Working in collaboration with UWCW through the creation and implementation of a business and work plan, this collaborative will create a blueprint for success in communities of color in Multnomah County. These grants expired during fiscal year ending June 30, 2019.

Community Safety Net: The Community Safety Net funding strategy is designed to provide critical aid for our most vulnerable families through short-term, non-competitive investments in supportive programs that provide housing, food, heat, utilities, and other essential needs for individuals that, due to an unforeseen personal crisis, disaster, or emergency in their lives, would benefit from additional assistance.

Catalyst: The Catalyst funding strategy enables nonprofits in our region to try new ideas, research community needs, and improve their systems so they can work better for the people they serve. These small, one-time investments increase the effectiveness of the service networks that support the most underserved populations in our region.

Designations - Dollars are directed towards specific 501(c)(3) agencies as specified by the donor.

Community Investment - Community investment activities include regional and community needs assessment, data collection and analysis, community education presentations, production of documents designed to highlight regional needs, funding trends, and emerging issues. Additional activities include advocacy, public policy involvement, development and support of strategic initiatives, and community leadership.

Hands on Greater Portland - Hands on Greater Portland activities focus on results-based, meaningful volunteer service and the belief that volunteers enrich their lives and the lives of others when they address community needs. The program strives to connect volunteers with opportunities to meet important community needs, including senior services, education, services for the homeless, and restoration of the environment.

UNITED WAY OF THE COLUMBIA-WILLAMETTE

Notes to Financial Statements - Continued

1. Nature of Operations and Significant Accounting Policies - Continued Program Services - Continued

Early Learning Hubs - Every kid should arrive at kindergarten ready for school success. That's why UWCW is proud to co-manage two new regional hubs focused on early learning: Early Learning Multnomah (ELM) and Early Learning Washington County (ELWC). In Oregon, there are 16 hubs, or regional-based groups, appointed by the State of Oregon's Early Learning Council that are designed with the intent to improve educational outcomes for Oregon's youngest children, age 0-6. Under the early learning hub model, all sectors that touch early childhood education (early childhood educators; K-12 school districts; health, social, and human service organizations; nonprofits; municipalities; and the private sector) are tasked with working together to align their services in order ensure that children arrive at school prepared to learn, with an equal opportunity to succeed.

Supporting Services - Local volunteers and staff lead efforts in these key support areas of UWCW:

Fundraising Campaign:

Resource Development - Responsible for the annual fundraising campaign, resource development also develops long-term relationships with key customers and facilitates the involvement of local organizations, corporations, and businesses in community service.

Branding, Marketing and Communications - Responsible for building effective and multichannel messaging for UWCW's supporters, advertising, media relations, and communicating the impact of UWCW's work. This area of UWCW is also key in increasing community awareness, visibility, and education about UWCW's mission.

Management and General - Responsible for providing support for all areas of UWCW, including campaign pledge processing, accounting, finance, facilities management, information systems, and human resources management. Responsible for ensuring the financial integrity of UWCW, this area manages the financial controls and reporting of financial data to the volunteers, the donors, and the community.

UNITED WAY OF THE COLUMBIA-WILLAMETTE

Notes to Financial Statements - Continued

1. Nature of Operations and Significant Accounting Policies - Continued

Significant Accounting Policies - The significant accounting policies followed by UWCW are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation - Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of UWCW and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of UWCW. The Board of Directors of UWCW may designate certain net assets without donor restrictions for specific purposes.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. Some donor restrictions are temporary in nature; those restrictions will be met by actions of UWCW, or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Measure of Operations - The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to UWCW's ongoing activities. Nonoperating activities are limited to resources that generate return from investments and other activities of a more unusual or non-recurring nature.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Significant estimates for which it is at least reasonably possible a change in estimate will occur in the near term include the allowance for uncollectible pledges receivable and depreciation and amortization, and the allocation of certain expenses by functional classification.

UNITED WAY OF THE COLUMBIA-WILLAMETTE

Notes to Financial Statements - Continued

1. Nature of Operations and Significant Accounting Policies - Continued Significant Accounting Policies - Continued

Cash and Cash Equivalents - UWCW considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents and short-term investments expected to be converted to cash in the near term.

Pledges Receivable - Pledges receivable are shown net of an allowance for uncollectible pledges. At June 30, 2019 and 2018, the allowance for uncollectible pledges totaled \$150,000 and \$151,000, respectively. The provision for pledges estimated to be uncollectible is based on, among other things, past collection experience and an estimate of the impact of current economic conditions. It is reasonably possible the amount of uncollectible pledges could be materially different upon final settlement of each campaign. Pledges receivable for the current annual campaign are available for unrestricted use unless specifically restricted by the donor. Pledges receivable for future annual campaigns are considered donor restricted for use in the campaign year specified by the donor. Pledges receivable are all due within one year.

Other Receivables - Grants, contracts, and accounts receivable are stated at unpaid balances less an allowance for uncollectible accounts, if applicable. UWCW does not assess finance charges on delinquent accounts. UWCW uses the allowance method to account for uncollectible receivables. The allowance is estimated by management based on various factors, including review of outstanding receivables, past history, and current economic conditions. UWCW will write off any balance that remains after it has exhausted all reasonable collection efforts. At June 30, 2019, management believes all grants, contracts, and accounts receivable are fully collectible and an allowance for uncollectible accounts is not necessary.

Investments - Investments in equity and debt securities are carried at fair value. Certificates of deposit and money market accounts are stated at amortized cost plus accrued interest, which approximates fair value. Investment income is accrued as earned and is reported net of investment advisory fees.

Fair Value Measurements - GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. UWCW uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, UWCW measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value, and Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

UNITED WAY OF THE COLUMBIA-WILLAMETTE

Notes to Financial Statements - Continued

1. Nature of Operations and Significant Accounting Policies - Continued Significant Accounting Policies - Continued

Fair Value Measurements - Continued - The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets UWCW has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets.
- Quoted prices for identical or similar assets in inactive markets.
- Inputs, other than quoted prices, that are observable for the asset.
- Inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology that are unobservable and significant to the fair value measurement.

Endowment Funds - UWCW's endowment consists of four individual funds. The endowment only includes donor-restricted endowment funds and not funds designated by the Board of Directors to function as an endowment. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

UWCW manages its endowment in accordance with the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Board of Directors of UWCW has interpreted UPMIFA as allowing UWCW to appropriate for expenditure or accumulate so much of an endowment fund as UWCW determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift agreement. Unless otherwise stated in the gift instrument, the assets in an endowment fund shall be donor restricted assets until appropriated for expenditure by the Board of Directors.

As a result of this interpretation, UWCW retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by UWCW in a manner consistent with the standard of prudence prescribed by UPMIFA.

UNITED WAY OF THE COLUMBIA-WILLAMETTE

Notes to Financial Statements - Continued

1. Nature of Operations and Significant Accounting Policies - Continued Significant Accounting Policies - Continued

Endowment Funds - Continued - In accordance with UPMIFA, UWCW considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of UWCW, and (7) UWCW's investment policies.

UWCW has an investment policy that provides for investment objectives of (a) providing stable cash payout, preferably growing in real terms after inflation, and (b) growing the principal in real terms after inflation. The spending of endowment assets is approved by the Board of Directors of UWCW. Currently, UWCW's spending rate is 5 percent of a three year rolling average of the fair market value of endowment assets.

Funds held at Oregon Community Foundation (OCF) follow investment and spending policies determined by the Board of Directors of OCF. OCF's investment policy is intended to provide for long-term growth. Currently, the spending rate ranges from 4.5 to 5 percent (per annum) of the average fair market value of UWCW's funds based on a 13-quarter trailing average. Funds held with OCF are invested in a mixture of equities, fixed-income instruments, and alternative investment classes such as hedge funds, private investments, and cash.

UWCW believes the investment and spending policy is consistent with UWCW's objective to maintain purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return. UWCW's interest in perpetual trusts, described in *Note 5*, is included in UWCW's endowment funds. The investment of these funds is determined by the trustees of the trusts rather than UWCW.

Interest in Perpetual Trusts - UWCW has a beneficial interest in certain perpetual trusts. The assets in the trusts are held and managed by third-party administrators. Under the terms of the trusts, UWCW has the irrevocable right to receive a percentage of the income earned on the trusts' assets in perpetuity, but never receives the assets held in the trusts.

UWCW's interest in the trusts has been included as a component of net assets with donor restrictions and is measured at the present value of future cash receipts from the trusts' assets, which is estimated to be UWCW's percentage of the fair value of the trusts' assets.

Distributions from the trusts are recorded as revenue without donor restrictions when received. Changes in the amount reported as an asset are recorded as an increase or decrease to net assets with donor restrictions.

UNITED WAY OF THE COLUMBIA-WILLAMETTE

Notes to Financial Statements - Continued

1. **Nature of Operations and Significant Accounting Policies - Continued**
Significant Accounting Policies - Continued

Property and Equipment - UWCW follows the policy of capitalizing, at cost, all expenditures for property and equipment in excess of \$1,000. Property and equipment received through donation are recorded at estimated fair value at date of donation. Depreciation and amortization have been computed using the straight-line method over the following estimated useful lives:

Building	20 - 30 years
Furniture, equipment, and improvements	3 - 15 years

Accrued Grants to Programs - Accrued grants to programs and other unconditional promises to give are recorded as a liability and expense on approval by the Board of Directors. Generally, accrued grants to programs are paid over the fiscal year following approval.

Revenue Recognition - Contributions, including unconditional promises to give (pledges and private grants receivable), are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year may be discounted at an appropriate discount rate commensurate with the risks involved. Amortization of any discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

UWCW reports contributions of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Contributions of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, UWCW reports expirations of donor restrictions when acquired long-lived assets are placed in service.

Service fee revenue is recognized at the time services are provided and the revenues are earned. Government grants and contracts are deemed to be earned and reported as revenues when UWCW has incurred expenditures in compliance with the specific grant or contract requirements. Amounts received in advance of being earned are treated as deferred revenue.

In-Kind Contributions - UWCW receives advertising services free of charge. Donated advertising services recorded at estimated fair value were recognized in the amount of \$129,160 for the year ended June 30, 2019. These services have been recorded as in-kind contributions in the accompanying statement of activities at their estimated fair value and as a component of advertising in the accompanying statement of functional expenses.

UNITED WAY OF THE COLUMBIA-WILLAMETTE

Notes to Financial Statements - Continued

1. Nature of Operations and Significant Accounting Policies - Continued Significant Accounting Policies - Continued

Donor-Designated Contributions - UWCW receives certain contributions designated by the donors for distribution to organizations both affiliated and unaffiliated with UWCW. Such designations are accepted if the ultimate recipient is another United Way chapter or meets certain criteria established by UWCW. These criteria include being a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code. These contributions are distributed to the designated agencies based on collections and are recorded in the statement of activities as amounts designated to others. Amounts remaining to be paid at the fiscal year end are reflected in the statement of financial position as donor-designated contributions payable.

Advertising - UWCW expenses all indirect advertising costs incurred.

Income Taxes - Income taxes are not provided for in the financial statements since UWCW is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. UWCW is not classified as a private foundation.

GAAP prescribes a recognition threshold and a measurement process for accounting for uncertain tax positions, and also provides guidance on various related matters such as interest, penalties, and required disclosures. Management believes UWCW does not have any uncertain tax positions. UWCW files informational returns. Generally, the returns filed by UWCW are subject to examination by federal or state taxing authorities for a period of three years from the filing of the return. There are currently no tax examinations in progress for any periods. Interest or penalties assessed by taxing authorities, if any, would be included with management and general expenses.

Functional Allocation of Expenses - The expenses of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. The statement of functional expenses reports certain categories of expenses that are attributable to more than one program and supporting service function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The allocated expenses include occupancy and depreciation and amortization expenses, which are allocated on an estimated square footage basis, and salaries and related expenses and advertising, which are allocated on the basis of estimated time and effort.

Adoption of New Accounting Standard - In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. UWCW implemented ASU 2016-14 during the year ended June 30, 2019, and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

UNITED WAY OF THE COLUMBIA-WILLAMETTE

Notes to Financial Statements - Continued

1. Nature of Operations and Significant Accounting Policies - Continued Significant Accounting Policies - Continued

Subsequent Events - Management has evaluated subsequent events through January 21, 2020, the date the financial statements were available to be issued.

Summarized Financial Information for 2018 - The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with UWCW's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Reclassifications - Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 presentation. These reclassifications had no impact on previously reported change in net assets.

2. Defined Contribution Plan and Severance Pay Plan

Defined Contribution Plan - UWCW has a defined contribution plan covering substantially all employees who have completed one year of service with UWCW. The plan was established under Section 401(k) of the Internal Revenue Code. Employee contributions to the plan are in the form of salary deferrals and are immediately 100 percent vested.

Employer contributions to the plan vary between 3 and 12 percent of eligible employee salaries, depending on employees' date of hire and other factors. Employer contributions become vested in 20 percent increments and are 100 percent vested once an employee completes six years of service.

Total employer contributions to the plan for the year ended June 30, 2019, were \$53,525.

Severance Pay Plan - In conjunction with the termination of a formerly maintained defined benefit pension plan, the Board of Directors created a severance pay plan to provide a lump-sum benefit to certain employees whose employment terminates at a time when their retirement benefit is less than the benefit that would have been payable under the former plan. In order to be eligible for this plan, employees must be at least 40 years old and have completed ten years of service with UWCW. In addition, the individual must have been actively employed by UWCW on April 1, 2000.

UNITED WAY OF THE COLUMBIA-WILLAMETTE

Notes to Financial Statements - Continued

3. Liquidity and Availability of Financial Resources

UWCW's financial assets available for general expenditure within one year of the statement of financial position date consist of the following at June 30:

	2019	2018
Cash and cash equivalents	\$ 1,476,348	\$ 442,216
Pledges receivable - net	2,220,245	2,038,328
Government grants and contracts receivable	2,048,028	2,468,833
Private grants receivable	-	450,000
Accounts and other receivables	9,478	2,110
Investments	11,392,900	12,166,431
Interest in perpetual trusts	<u>913,154</u>	<u>921,107</u>
 Total financial assets at year end	 18,060,153	 18,489,025
 Less:		
Amounts unavailable for general expenditure within one year, due to:		
Net assets with donor restrictions	(4,901,360)	(4,338,335)
Board designated net assets	<u>(8,820,166)</u>	<u>(9,082,645)</u>
 Total amounts unavailable	 <u>(13,721,526)</u>	 <u>(13,420,980)</u>
 Total financial assets available to meet general expenditures over the next twelve months	 <u>\$ 4,338,627</u>	 <u>\$ 5,068,045</u>

UWCW maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

Additionally, UWCW's Board designated net assets is a component of net assets without donor restrictions. Although management intends to use this fund in accordance with the provisions outlined by the Board of Directors, amounts could be made available for current operations, if approved by the Board.

UNITED WAY OF THE COLUMBIA-WILLAMETTE

Notes to Financial Statements - Continued

4. Investments

The composition of investments at June 30, is as follows:

	2019	2018
Investments carried at fair value:		
Domestic bond funds	\$ 2,928,165	\$ 3,975,362
Equity mutual funds	6,889,941	6,661,091
Cash surrender value of life insurance policies	613,754	565,036
Investments held at OCF	<u>106,095</u>	<u>104,165</u>
 Total investments carried at fair value	 10,537,955	 11,305,654
Investments carried at cost plus accrued interest:		
Money market accounts	854,945	314,164
Certificates of deposit	<u>-</u>	<u>546,613</u>
 Total investments carried at cost plus accrued interest	 <u>854,945</u>	 <u>860,777</u>
 Total investments	 <u><u>\$ 11,392,900</u></u>	 <u><u>\$ 12,166,431</u></u>

During the year ended June 30, 1997, UWCW entered into an agreement with the OCF to transfer \$50,000 to OCF in order to achieve improved performance results and enhanced long-term planned giving goals. The investments are to be held by OCF in perpetuity. Under the terms of the agreement, OCF will distribute annually a percentage of the fair market value of the fund to UWCW based on the expected total return on the investments of the permanent funds of OCF and other factors. The agreement specifies that such percentage shall not be less than a reasonable rate of return. Additional distributions may be made on a resolution of both UWCW and OCF's Boards of Directors. A distribution of \$4,363 was received from OCF during the year ended June 30, 2019. The change in the value of the investments held at OCF has been reflected in investment return, net in the accompanying statement of activities.

UWCW previously carried an investment in stock of a privately held company. In 2010, management determined the likelihood of receiving any future benefit in this stock was less than probable and recorded an impairment loss of \$220,000 related to this investment. UWCW continues to own this investment.

During the year ended June 30, 2012, under a gift agreement from a donor, life insurance policies with a combined death benefit of approximately \$4.4 million were transferred to UWCW. The death benefit values have not been recognized in the financial statements but will be recognized when proceeds are actually received. Once the proceeds are received, the gift agreement stipulates approximately \$3.4 million is to be designated for other nonprofit organizations. At June 30, 2019, the cash surrender values of these policies totaled \$607,199.

UNITED WAY OF THE COLUMBIA-WILLAMETTE

Notes to Financial Statements - Continued

5. Interest in Perpetual Trusts

UWCW has a beneficial interest in certain perpetual trusts. The present value of future distributions from trust assets is as follows at June 30:

	2019	2018
Balance, beginning of year	\$ 921,107	\$ 910,862
Change in value	<u>(7,953)</u>	<u>10,245</u>
Balance, end of year	<u><u>\$ 913,154</u></u>	<u><u>\$ 921,107</u></u>

6. Property and Equipment - Net

	2019	2018
Land	\$ 295,333	\$ 295,333
Building	4,446,300	4,407,481
Furniture, equipment, and improvements	<u>1,236,075</u>	<u>2,118,755</u>
	5,977,708	6,821,569
Less accumulated depreciation and amortization	<u>(3,038,388)</u>	<u>(3,609,041)</u>
	<u><u>\$ 2,939,320</u></u>	<u><u>\$ 3,212,528</u></u>

7. Board Designated Net Assets

Certain net assets without donor restrictions have been designated by the Board of Directors for special purposes. Designated net assets without donor restrictions consist of the following at June 30:

	2019	2018
Financial reserve	\$ 1,768,610	\$ 2,064,572
Board designated fund	6,836,063	6,836,063
Future retirement plan expenses	95,493	92,010
Building reserve	<u>120,000</u>	<u>90,000</u>
	<u><u>\$ 8,820,166</u></u>	<u><u>\$ 9,082,645</u></u>

The financial reserve is for unforeseen budget needs of UWCW. The board designated fund is to support the operations of UWCW.

UNITED WAY OF THE COLUMBIA-WILLAMETTE

Notes to Financial Statements - Continued

8. Undesignated Net Assets

Undesignated net assets (deficit) without donor restrictions consist of the following at June 30:

	2019	2018
Net investment in property and equipment	\$ 2,939,320	\$ 3,212,528
Net deficit for operations	<u>(404,078)</u>	<u>(593,781)</u>
	<u><u>\$ 2,535,242</u></u>	<u><u>\$ 2,618,747</u></u>

9. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes at June 30:

	2019	2018
Subject to expenditure for a specified purpose	\$ 1,007,829	\$ 698,794
Subject to the passage of time:		
Future campaigns	200,893	4,190
Endowments:		
Earnings subject to appropriation and expenditure and available for general use	571,616	506,376
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation:		
Pricket Endowment Fund	84,331	84,331
Amanda Reed Endowment Fund	3,338	3,338
General Endowment Fund	120,199	120,199
JD Gray Endowment Fund	<u>2,000,000</u>	<u>2,000,000</u>
Endowments held by UWCW	2,779,484	2,714,244
Interest in perpetual trusts	<u>913,154</u>	<u>921,107</u>
Total endowments	<u><u>3,692,638</u></u>	<u><u>3,635,351</u></u>
	<u><u>\$ 4,901,360</u></u>	<u><u>\$ 4,338,335</u></u>

UNITED WAY OF THE COLUMBIA-WILLAMETTE

Notes to Financial Statements - Continued

10. Endowment Funds

During the year ended June 30, 2019, the changes in endowment net assets were as follows:

Endowment assets, beginning of year	\$ 3,635,351
Investment return, net	167,827
Change in value of perpetual trusts	(7,953)
Distributions	<u>(102,587)</u>
Endowment assets, end of year	<u>\$ 3,692,638</u>

11. Net Assets Released from Restrictions

During the year ended June 30, 2019, net assets were released from restrictions as follows:

Early campaign contributions for use in current period - net of recoveries	\$ 4,190
Purpose restricted grants	312,530
Distributions from endowments	<u>102,587</u>
	<u>\$ 419,307</u>

12. Joint Costs

UWCW conducts certain activities that could be considered joint cost activities, including the publication of a quarterly newsletter and development of a web page. Management feels the costs of conducting these activities is immaterial to the financial statements and has used the same cost allocation methods that are used for non-joint cost activities in the accompanying statement of functional expenses.

13. Financial Instruments with Concentrations of Credit Risk

Financial instruments that potentially subject UWCW to concentrations of credit risk consist principally of cash and cash equivalents, pledges receivable described in *Note 1*, and investments described in *Note 4*. At times, cash and cash equivalents exceed federally insured limits. UWCW's investments, including those held related to perpetual trusts (*Note 5*), are exposed to various risks, such as interest rate, market, and credit risk. The value, liquidity, and related income of these investments are sensitive to changes in economic conditions, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates. Substantially all money market accounts exceed federally insured limits.

UNITED WAY OF THE COLUMBIA-WILLAMETTE

Notes to Financial Statements - Continued

14. Fair Value Measurements

The following table sets forth by level, within the fair value hierarchy, UWCW's assets at fair value as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
Domestic bond funds	\$ 2,928,165	\$ -	\$ -	\$ 2,928,165
Equity mutual funds:				
Domestic	5,361,806	-	-	5,361,806
Foreign	1,528,135	-	-	1,528,135
Cash surrender value of life insurance policies	-	613,754	-	613,754
Investments held at OCF	-	-	106,095	106,095
Investments, at fair value	<u>\$ 9,818,106</u>	<u>\$ 613,754</u>	<u>\$ 106,095</u>	<u>\$ 10,537,955</u>
 Interest in perpetual trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 913,154</u>	<u>\$ 913,154</u>

Level 1 Measurements: Fair value of Level 1 assets described above is determined by reference to quoted market prices or other relevant market data as provided by the bank or broker.

Level 2 Measurements: Fair value for cash surrender value of life insurance policies is based on pricing models or other relevant economic measures provided by the insurance companies.

Level 3 Measurements: Investments held at OCF represent UWCW's share of a pooled investment portfolio managed by OCF. UWCW'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 methods including Level 1, Level 2, and Level 3 inputs.

Market data is unavailable for perpetual trusts; however, UWCW carries its interest in perpetual trusts at fair value based on UWCW's proportionate share of the underlying investments.

UNITED WAY OF THE COLUMBIA-WILLAMETTE

Notes to Financial Statements - Continued

14. Fair Value Measurements - Continued

The following table provides a summary of changes in UWCW's Level 3 assets for the year ended June 30, 2019:

	Investments Held at OCF	Interest in Perpetual Trusts	Total
Balance, beginning of year	\$ 104,165	\$ 921,107	\$ 1,025,272
Investment return, net	6,293	-	6,293
Change in value	-	(7,953)	(7,953)
Distributions	<u>(4,363)</u>	<u>-</u>	<u>(4,363)</u>
Balance, end of year	<u>\$ 106,095</u>	<u>\$ 913,154</u>	<u>\$ 1,019,249</u>

15. Related-Party Transactions

UWCW receives staff and volunteer training, national advertising services, and national campaign coordination and supplies from United Way Worldwide. As a result, UWCW elected to remit to United Way Worldwide \$181,243 for the fall 2018 campaign, which is recorded for the year ended June 30, 2019. At June 30, 2019, amounts payable to United Way Worldwide for these services and supplies totaled \$82,747 and are included as a component of accounts payable and accrued liabilities in the accompanying statement of financial position.

Certain members of the Board of Directors hold executive positions in agencies that receive funding from UWCW. The Board of Directors has adopted a conflict of interest policy and these Board members abstain from voting on any and all matters related to funding provided by UWCW.

UWCW maintains banking relationships with certain banks where members of the Board of Directors of UWCW hold key positions.

16. Concentration and Contingency

Approximately 81 percent of UWCW's government grants and contracts were received from the State of Oregon for the year ended June 30, 2019. Approximately 77 percent of UWCW's government grants and contracts receivable were due from the State of Oregon at June 30, 2019.

Amounts received from government agencies are subject to audit and potential adjustment by these agencies. It is management's belief that no material amounts will be required to be returned in the future.