

UNITED ACADEMICS OF THE UNIVERSITY OF OREGON

FINANCIAL STATEMENTS - CASH BASIS

For the Year Ended June 30, 2019



UNITED ACADEMICS OF THE UNIVERSITY OF OREGON
FINANCIAL STATEMENTS - CASH BASIS
For the Year Ended June 30, 2019

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Executive Council
United Academics of the University of Oregon
Eugene, Oregon

We have reviewed the accompanying financial statements of United Academics of the University of Oregon (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets - cash basis as of June 30, 2019, and the related statements of support, revenue, and expenses - cash basis and functional expenses – cash basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the cash basis of accounting.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to that matter.

Jones & Roth, P.C.

Jones & Roth, P.C.
Eugene, Oregon
January 27, 2020

FINANCIAL STATEMENTS

UNITED ACADEMICS OF THE UNIVERSITY OF OREGON
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - CASH BASIS
June 30, 2019

Assets

Current assets

Cash	\$ 108,007
Cash reserves	39,684
Certificates of deposit, current portion	<u>201,000</u>

Total current assets 348,691

Certificates of deposit, long-term 309,000

Total assets \$ 657,691

Liabilities and Net Assets

Net assets

Without donor restrictions	\$ 649,959
With donor restrictions	<u>7,732</u>

Total liabilities and net assets \$ 657,691

See independent accountant's review report and accompanying notes,
which are an integral part of these statements.

UNITED ACADEMICS OF THE UNIVERSITY OF OREGON
STATEMENT OF SUPPORT, REVENUE, AND EXPENSES - CASH BASIS
For the Year Ended June 30, 2019

Net assets without donor restrictions

Revenue, refunds, and other support:	
Interest income	\$ 10,696
Donations revenue	580
Rent and other revenue	45,820
Membership dues	860,253
Fair share dues refunds	<u>(18)</u>
	917,331
Net assets released from restrictions	<u>5,856</u>
Total revenue, refunds, and other support	<u>923,187</u>
Functional expenses:	
Program service	726,562
Membership development	57,066
Management and general	<u>121,279</u>
Total expenses	<u>904,907</u>
Increase in net assets without donor restrictions	<u>18,280</u>

Net assets with donor restrictions

Revenue and other support:	
Sponsorship	5,405
Net assets released from restrictions	<u>(5,856)</u>
Decrease in net assets with donor restrictions	<u>(451)</u>

Change in net assets

	17,829
Net assets, beginning of year	<u>639,862</u>
Net assets, end of year	<u><u>\$ 657,691</u></u>

See independent accountant's review report and accompanying notes,
which are an integral part of these statements.

UNITED ACADEMICS OF THE UNIVERSITY OF OREGON
STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS
For the Year Ended June 30, 2019

	<u>Program Service</u>	<u>Membership Development</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 80,661	\$ 37,273	\$ 82,686	\$ 200,620
Employee benefits	18,692	9,955	21,965	50,612
Payroll taxes	7,867	3,594	8,196	19,657
Advertising	-	2,170	-	2,170
Rent expense	13,642	1,071	2,277	16,990
Lease expense	3,965	311	662	4,938
Conventions and conferences	13,392	43	262	13,697
Insurance	768	60	128	956
Professional and legal fees	6,769	350	819	7,938
Utilities	2,492	196	416	3,104
Charitable contributions	-	-	800	800
Office expenses	5,177	407	914	6,498
Representation expense	567,420	1,636	-	569,056
Faculty program expenses	5,717	-	-	5,717
Miscellaneous	-	-	2,154	2,154
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 726,562</u>	<u>\$ 57,066</u>	<u>\$ 121,279</u>	<u>\$ 904,907</u>

See independent accountant's review report and accompanying notes,
which are an integral part of these statements.

UNITED ACADEMICS OF THE UNIVERSITY OF OREGON
NOTES TO FINANCIAL STATEMENTS

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

United Academics of the University of Oregon (the Organization) is a nonprofit organization that negotiates terms and conditions of employment with the University of Oregon on behalf of its bargaining unit faculty. The Organization aims to promote and defend quality public higher education by working together to uphold the University of Oregon's academic and research priorities. The Organization facilitates the collective bargaining process between the University of Oregon and its employees. The Organization's members are employees of the University of Oregon in Lane County.

Recent Accounting Standard Adopted

During the year ended June 30, 2019, the Organization adopted the provisions of the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) No. 2016-14: *Presentation of Financial Statements of Not-for-Profit Entities*. The standard was applied on a retrospective basis. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and availability of resources and related to functional allocation of expenses.

Basis of Accounting

The financial statements of the Organization have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America. Accordingly, revenue is recorded when received, rather than when earned, and expenses are recorded when paid, rather than when the obligation is incurred. Accounts receivable, accrued expenses, deferred expenses, and other assets and liabilities which may be material in amount are not reflected, and the financial statements are not intended to present the results of operations and financial position in conformity with generally accepted accounting principles.

Use of Estimates

The preparation of financial statements in conformity with the cash basis of accounting, as described above, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Income Tax Status

The Organization qualifies as a tax-exempt organization under Section 501(c)(5) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the financial statements.

UNITED ACADEMICS OF THE UNIVERSITY OF OREGON
NOTES TO FINANCIAL STATEMENTS

1. Nature of Operations and Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents

The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Investments

Investment in certificates of deposit are recorded at cost. Subsequent write ups or write downs to fair value to recognize unrealized gains and losses are not recorded. Interest on certificates of deposit is recognized when received and accrued interest receivable is not recorded.

Net Assets

Net assets of the Organization consist of the following:

Net assets without donor restrictions - These net assets are available for general obligations of the Organization.

Net assets with donor restrictions - These net assets are subject to donor-imposed restrictions on their use that will be met either by actions of the Organization or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of support, revenue, and expenses - cash basis as net assets released from restrictions. At June 30, 2019, the Organization had \$7,732 of net assets with donor restrictions available for the faculty success program.

Revenue Recognition

The Organization has approximately 1,775 bargaining unit members, of which 1,075 are card signed members. All bargaining unit members contribute dues and member dues that are recognized when received.

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. At June 30, 2019, the Organization's financial assets, reduced by amounts not available for general expenditures within one year, are comprised of the following:

Cash and cash reserves	\$ 147,691
Certificates of deposit, current portion	<u>201,000</u>
Financial assets available for general expenditure	<u>\$ 348,691</u>

UNITED ACADEMICS OF THE UNIVERSITY OF OREGON
NOTES TO FINANCIAL STATEMENTS

2. Concentration of Credit Risk

The Organization maintains cash balance and certificates of deposit at financial institutions which, at times, may exceed the federally insured limit of \$250,000 provided by the U.S. Federal Deposit Insurance Corporation (FDIC). At June 30, 2019, the Organization had no balances in excess of FDIC insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its depository accounts.

3. Cash Reserve

In accordance with its Hudson Union Procedure, in the event that the Organization receives a challenge to its chargeable versus non-chargeable expenses calculation, the Organization has created a reserve to repay the alleged non-chargeable portion of a potential challenger's fair share fee. The Organization has determined the reserve to be a reasonable estimate of the amount that would potentially be under dispute. The reserve is maintained in a separate interest-bearing account. Because of the Supreme Court of the United State's Janus decision, the Organization no longer receives fair share fees and no longer needs a reserve to cover potential challenges to fair share fees. Therefore, this reserve may now be closed and the funds transferred to another account, or this account can be maintained, but without restrictions on its use.

4. Investments

At June 30, 2019, investments consisted of certificates of deposit totaling \$510,000 with original maturities greater than 90 days.

5. Lease Obligations

The Organization entered into a one year lease agreement for the office space on January 1, 2018 requiring monthly payments of \$1,100 for January 2018 and \$1,285 for the remainder of the lease term. The lease reverted to a month-to-month agreement at expiration, until the new lease term began May 1, 2019 requiring monthly payments of \$1,380 until March 1, 2020. In June 2016, the Organization replaced the previous copier lease with a new agreement requiring monthly payments of \$401, set to expire in June 2021. These leases are considered operating leases for accounting purposes. Rent expense for the year ended June 30, 2019, was \$10,264, net of reimbursed rents of \$11,663.

Future required minimum payments under fixed term lease agreements are as follows:

<u>For the Year Ending June 30,</u>	
2020	\$ 17,226
2021	4,806
2022	-
2023	-
2024	-
Total	<u>\$ 22,032</u>

UNITED ACADEMICS OF THE UNIVERSITY OF OREGON
NOTES TO FINANCIAL STATEMENTS

6. Employee Retirement Plan

During the year ended June 30, 2019, the Organization terminated its 401(k) profit sharing retirement plan and established a SEP-IRA plan. The Organization contributes a percentage at its discretion, determined by the Executive Council (12.5 percent of employee's salary for the year ended June 30, 2019). Employees are eligible for the plan upon employment. For the year ended June 30, 2019, the Organization contributed \$25,728.

7. Subsequent Events

Management evaluates events and transactions that occur after the statement of assets, liabilities, and net assets - cash basis date as potential subsequent events. Management has performed this evaluation through the date of the independent accountant's review report.