

**UNITED ACADEMICS OF THE UNIVERSITY OF OREGON**

**FINANCIAL STATEMENTS - MODIFIED CASH BASIS**

**For the Year Ended June 30, 2022**

*Jones & Roth*

CPAs & Business Advisors

UNITED ACADEMICS OF THE UNIVERSITY OF OREGON  
FINANCIAL STATEMENTS - MODIFIED CASH BASIS  
For the Year Ended June 30, 2022

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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 – modified cash basis as of June 30, 2022, and the related statements of support, revenue, and expenses - modified cash basis and functional expenses – modified 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 modified cash basis of accounting; this includes determining that the modified 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 modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of United Academics of the University of Oregon and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### 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 modified cash basis of accounting.

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**BEND** 300 SW Columbia Street  
Suite 201  
Bend, OR 97702  
*phone* (541) 382-3590  
*fax* (541) 382-3587

**EUGENE** 260 Country Club Road  
Suite 100  
Eugene, OR 97401  
*phone* (541) 687-2320  
*fax* (541) 485-0960

**HILLSBORO** 5635 NE Elam Young Pkwy.  
Suite 100  
Hillsboro, OR 97124  
*phone* (503) 648-0521  
*fax* (503) 648-2692

## **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 modified 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  
February 6, 2023

## FINANCIAL STATEMENTS

UNITED ACADEMICS OF THE UNIVERSITY OF OREGON  
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS  
June 30, 2022

**Assets**

**Current assets**

Cash	\$ 74,343
Cash, savings	182,468
Investments, current portion	<u>821,043</u>

Total current assets 1,077,854

**Other Assets-deposit** 13,320

**Total assets** \$ 1,091,174

**Liabilities and Net Assets**

**Net assets**

Without donor restrictions	\$ 1,091,174
With donor restrictions	<u>-</u>

**Total liabilities and net assets** \$ 1,091,174

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 - MODIFIED CASH BASIS  
For the Year Ended June 30, 2022

**Net assets without donor restrictions**

Revenue, refunds, and other support:	
Investment return (Note 4)	\$ (76,574)
Services revenue	45,915
Donations revenue	840
Other revenue (Note 6)	568,246
Membership dues	<u>849,524</u>
	1,387,951
Net assets released from restrictions	<u>-</u>
	1,387,951
	<u>1,387,951</u>
Functional expenses:	
Program service	779,494
Membership development	101,928
Management and general	<u>103,137</u>
	984,559
	<u>984,559</u>
	<u>403,392</u>

**Net assets with donor restrictions**

Revenue and other support:	
Sponsorship	-
Net assets released from restrictions	<u>-</u>
	-
	<u>-</u>

**Change in net assets**

Net assets, beginning of year	<u>687,782</u>
<b>Net assets, end of year</b>	<u><u>\$ 1,091,174</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 - MODIFIED CASH BASIS  
For the Year Ended June 30, 2022

	<u>Program Service</u>	<u>Membership Development</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 80,799	\$ 67,791	\$ 63,012	\$ 211,602
Employee benefits	16,176	21,601	19,211	56,988
Payroll taxes	7,541	6,260	6,118	19,919
Advertising	-	108	-	108
Building lease expense	17,252	2,256	2,282	21,790
Copier lease expense	2,138	280	282	2,700
Conventions and conferences	1,656	-	365	2,021
Insurance	277	36	37	350
Professional and legal fees	41,489	621	8,873	50,983
Utilities	10,041	1,313	1,329	12,683
Charitable contributions	-	-	500	500
Office expenses	8,152	1,066	1,128	10,346
Representation expense	593,898	596	-	594,494
Bargaining expense	<u>75</u>	<u>-</u>	<u>-</u>	<u>75</u>
 Total expenses	 <u>\$ 779,494</u>	 <u>\$ 101,928</u>	 <u>\$ 103,137</u>	 <u>\$ 984,559</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.

**Basis of Accounting**

The financial statements of the Organization have been prepared on the modified 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 modified 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.

**Functional Allocation of Expenses**

The statements of functional expenses present expenses by function and natural classifications. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. The portion of general and administrative costs that are allocated to the program have been allocated based on time spent on the program's services.

**Cash and Cash Equivalents**

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

UNITED ACADEMICS OF THE UNIVERSITY OF OREGON  
NOTES TO FINANCIAL STATEMENTS

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

**Investments**

Investments in money market accounts and exchange-traded funds are reported at fair value. Investments in certificates of deposit are recorded at cost. Unrealized gains and losses on the exchange-traded funds are included in the change in net assets in the accompanying statement of support, revenue, and expenses - modified cash basis. Subsequent write ups or write downs to fair value to recognize unrealized gains and losses on the certificates of deposit are not recorded. Interest and dividends on exchange-traded funds and certificates of deposit are recognized when received and accrued interest receivable is not recorded.

**Leasehold improvements and Equipment**

Purchased leasehold improvements and equipment is recorded at cost at the date of acquisition. Purchases of leasehold improvements and equipment greater than \$1,500 are capitalized and depreciated using the straight-line method over three to 15 years. There were no leasehold improvements or equipment placed in service or in process as of June 30, 2022.

**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 - modified cash basis as net assets released from restrictions.

**Revenue Recognition**

The Organization has approximately 1,820 bargaining unit members, of which 950 are UAUO members. All UAUO 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, 2022, the Organization's financial assets, reduced by amounts not available for general expenditures within one year, are comprised of the following:

Cash	\$ 74,343
Cash, savings	182,468
Investments, current portion	<u>821,043</u>
Financial assets available for general expenditure	<u>\$ 1,077,854</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, 2022, the Organization had \$53,919 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**

The organization previously maintained a reserve amount with respect to the Hudson Union Procedure. 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 has been closed and the funds transferred to another account.

**4. Investments**

At June 30, 2022, investments were consisted of a money market fund of \$196 and exchange-traded funds of \$820,847.

There is a three-level hierarchy for disclosure of fair value determination for investments recorded at fair value. Level 1 represents quoted prices for identical assets in active markets. Examples would include listed stocks and mutual funds. Level 2 consists of pricing inputs observable either directly or indirectly. Examples would include corporate bonds, loans, and less liquid and restricted stocks. Level 3 consists of pricing inputs that are unobservable and include situations where there is little market activity. Examples would include partnership interests and private equity and real estate funds. The fair value of the money market fund and exchange-traded funds were determined using Level 1 measurement inputs.

Investment return for the year ended June 30, 2022 is summarized as follows:

Interest	\$ 2,384
Dividends	2,134
Net unrealized loss on investments	<u>(81,092)</u>
Total investment return	<u>\$ (76,574)</u>

**5. Lease Obligations**

The Organization entered into a five-year lease agreement for the office space on March 16, 2021 requiring monthly payments of \$1,970 with a 3% increase each year. The lease was terminated during the year ended June 30, 2022. In November 2020, the Organization replaced the previous copier lease with a new agreement requiring monthly payments of \$225, set to expire in October 2025. The leases are considered operating leases for accounting purposes. Rent expense for the year ended June 30, 2022, was \$24,490.

UNITED ACADEMICS OF THE UNIVERSITY OF OREGON  
NOTES TO FINANCIAL STATEMENTS

**5. Lease Obligations, continued**

Future required minimum payments under fixed term lease agreement is as follows:

<u>For the Year Ending June 30,</u>	
2023	\$ 2,700
2024	2,700
2025	2,700
2026	900
2027	<u>-</u>
Total	<u>\$ 9,000</u>

**6. Other Revenue**

Other revenue for the year ended June 30, 2022 is summarized as follows:

Net lease buyout revenue	\$ 563,246
Rent and other revenue	<u>5,000</u>
Total other revenue	<u>\$ 568,246</u>

During the year ended June 30, 2022, the Organization entered into a lease buyout and termination agreement with the landlord of the office space for \$600,000. In relation to the office space, the Organization incurred leasehold improvement costs totaling \$56,979, of which the landlord reimbursed the Organization \$20,225. The net proceeds from the lease buyout, reimbursement, and loss on disposal of the leasehold improvements are included in other revenue for the year ended June 30, 2022.

**7. 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, 2022). Employees are eligible for the plan upon employment. For the year ended June 30, 2022, the Organization contributed \$23,624.

**8. Subsequent Events**

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