UNITED ACADEMICS OF THE UNIVERSITY OF OREGON

FINANCIAL STATEMENTS – CASH BASIS

For the Year Ended June 30, 2015
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INDEPENDENT AUDITOR’S REPORT

To the Board of Directors
United Academics of the University of Oregon
Eugene, Oregon

We have audited 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, 2015, and the related statement of support, revenue, and expenses - cash basis 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 the cash basis of accounting described in Note 1; 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of United Academics of the University of Oregon as of June 30, 2015, and its support, revenue, and expenses for the year then ended, in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

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

Jones & Roth, P.C.

Eugene, Oregon
November 10, 2015
# UNITED ACADEMICS OF THE UNIVERSITY OF OREGON

## STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - CASH BASIS

June 30, 2015

### Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$ 58,534</td>
</tr>
<tr>
<td>Cash reserves</td>
<td>243,033</td>
</tr>
<tr>
<td>Deposits held by Intuit</td>
<td>4,105</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$ 305,672</strong></td>
</tr>
</tbody>
</table>

### Liabilities and Net Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net assets</strong></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$ 304,349</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>1,323</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td><strong>$ 305,672</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these statements.
**Unrestricted net assets**

Revenue and other support:
- Bank interest $216
- Rent revenue $21,686
- Membership dues $642,097
- Fair share dues, net of refunds $520,801

Total unrestricted revenue and other support $1,184,800

Expenses:
- Program service $908,288
- Management and general $153,759
- Membership development $4,328

Total unrestricted expenses $1,066,375

**Increase in unrestricted net assets** $118,425

**Temporarily restricted net assets**

Revenue and other support:
- Sponsorship $1,323

Increase in temporarily restricted net assets $1,323

**Change in net assets** $119,748

Net assets, beginning of year $185,924

Net assets, end of year $305,672

The accompanying notes are an integral part of these 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 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.

**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. 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.

**Net Assets**

Net assets of the Organization consist of the following:

*Unrestricted net assets* - These net assets are available for general obligations of the Organization.

*Temporarily restricted net assets* - 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of support, revenue, and expenses – cash basis as net assets released from restrictions.

**Revenue Recognition**

The Organization has approximately 1,240 members who contribute dues that are recognized when received.
2. Cash

The Organization maintains cash balances at a financial institution that at times exceed the insured amount of $250,000 provided by the U.S. Federal Deposit Insurance Corporation (FDIC). Bank balances as of June 30, 2015, exceeded the FDIC’s insured amount by $73,472.

3. Cash Reserve

In accordance with its Hudson Union Procedure, the Organization has created a reserve to repay the alleged non-chargeable portion of a challenger’s fee. The reserve is maintained in a separate interest bearing account.

4. Lease Obligations

The Organization leases office space under a month-to-month agreement with payments of $1,100. In addition, the Organization leases a copier with monthly payments of $310, expiring October 2017. These leases are considered operating leases for accounting purposes.

Future required minimum payments under the above leases are as follows:

<table>
<thead>
<tr>
<th>For the Year Ending June 30,</th>
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<tbody>
<tr>
<td>2016</td>
<td>$3,720</td>
</tr>
<tr>
<td>2017</td>
<td>3,720</td>
</tr>
<tr>
<td>2018</td>
<td>930</td>
</tr>
<tr>
<td>2019</td>
<td>-</td>
</tr>
<tr>
<td>2020</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$8,370</td>
</tr>
</tbody>
</table>

5. Employee Retirement Plan

The Organization has established a 401(k) profit sharing retirement plan. The Organization contributes matching contributions at its discretion, determined by the Board of Directors (12.5 percent of employee’s salary for the year ended June 30, 2015). Employees are eligible for the plan upon employment. For the year ended June 30, 2015, the Organization contributed $15,977.

6. Contingencies

Members of the Organization can object to a portion of the dues they pay that are associated with non-chargeable activities. The Organization will determine the portion of the non-chargeable activities in accordance with the requirements of Chicago Teachers Union, Local No. 1, AFT, AFL-CIO v. Hudson, 475 U.S. 292, 106 S. Ct. 1066 (1986). The Organization estimated their non-chargeable costs for the year ended June 30, 2015 based on the percentage of non-chargeable costs as determined by the June 30, 2014 audited statement of expenses and allocation between chargeable expenses and non-chargeable expenses. For the year ended June 30, 2015, the Organization reimbursed objecting members $33,812 based on a non-chargeable cost rate of 27.69 percent.
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 auditor’s report.