

UNITED ACADEMICS OF THE UNIVERSITY OF OREGON

FINANCIAL STATEMENTS - CASH BASIS

For the Year Ended June 30, 2017



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INDEPENDENT AUDITOR'S REPORT

To the Executive Council
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, 2017, 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, 2017, 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.

Jones & Roth, P.C.
Eugene, Oregon
December 13, 2017

FINANCIAL STATEMENTS

UNITED ACADEMICS OF THE UNIVERSITY OF OREGON
STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - CASH BASIS
June 30, 2017

Assets

Current assets

Cash	\$ 93,736
Cash reserves	67,256
Certificates of deposit, current portion	<u>200,000</u>

Total current assets 360,992

Certificates of deposit, long term 200,000

Total assets \$ 560,992

Liabilities and Net Assets

Net assets

Unrestricted	\$ 555,726
Temporarily restricted	<u>5,266</u>

Total liabilities and net assets \$ 560,992

The accompanying notes 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, 2017

Unrestricted net assets

Revenue and other support:

Bank interest	\$	174
Services revenue		720
Rent revenue		25,578
Membership dues		770,054
Fair share dues, net of refunds		482,144
		1,278,670
Net assets released from restrictions		9,057
Total revenue and other support		1,287,727

Expenses:

Program service		924,930
Management and general		177,139
Membership development		63,755
		1,165,824
Increase in unrestricted net assets		121,903

Temporarily restricted net assets

Revenue and other support:

Sponsorship		8,846
Net assets released from restrictions		(9,057)
		(211)
Decrease in temporarily restricted net assets		(211)

Change in net assets

Net assets, beginning of year		439,300
Net assets, end of year		\$ 560,992

The accompanying notes 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 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.

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.

UNITED ACADEMICS OF THE UNIVERSITY OF OREGON
NOTES TO FINANCIAL STATEMENTS

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

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. At June 30, 2017, the Organization had \$5,266 of temporarily restricted net assets available for the faculty success program.

Revenue Recognition

The Organization has approximately 1,735 bargaining unit members, of which 1,100 are card signed members. All bargaining unit members contribute dues, fair share dues, and member dues that are recognized when received.

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, 2017, 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.

4. Investments

At June 30, 2017, investments consisted of certificates of deposit totaling \$400,000 with original maturities greater than 90 days.

UNITED ACADEMICS OF THE UNIVERSITY OF OREGON
NOTES TO FINANCIAL STATEMENTS

5. Lease Obligations

The Organization leases office space under a month-to-month agreement with payments of \$1,100. 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, 2017, was \$13,606, net of reimbursed rents of \$4,400.

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

<u>For the Year Ending June 30,</u>	
2018	\$ 4,806
2019	4,806
2020	4,806
2021	4,806
2022	<u>-</u>
Total	<u>\$ 19,224</u>

6. Employee Retirement Plan

The Organization has established a 401(k) profit sharing retirement 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, 2017). Employees are eligible for the plan upon employment. For the year ended June 30, 2017, the Organization contributed \$25,218.

7. 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, 2017, based on the percentage of non-chargeable costs as determined by the June 30, 2016, audited statement of expenses and allocation between chargeable expenses and non-chargeable expenses. For the year ended June 30, 2017, the Organization reimbursed objecting members \$23,798 based on a non-chargeable cost rate of 27.98 percent.

8. 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.