



Financial Statements

and Supplementary Information

UNITED COMMUNITY ACTION NETWORK
For the years ended June 30, 2025 and 2024



United Community Action Network

June 30, 2025

BOARD OF DIRECTORS

ELECTED OR APPOINTED PUBLIC OFFICIALS

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Douglas County, OR.....Chair

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United Community Action Network

Years Ended June 30, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Community Action Network

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of United Community Action Network (UCAN), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of UCAN as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of UCAN and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about UCAN's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 UCAN's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about UCAN's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary Information

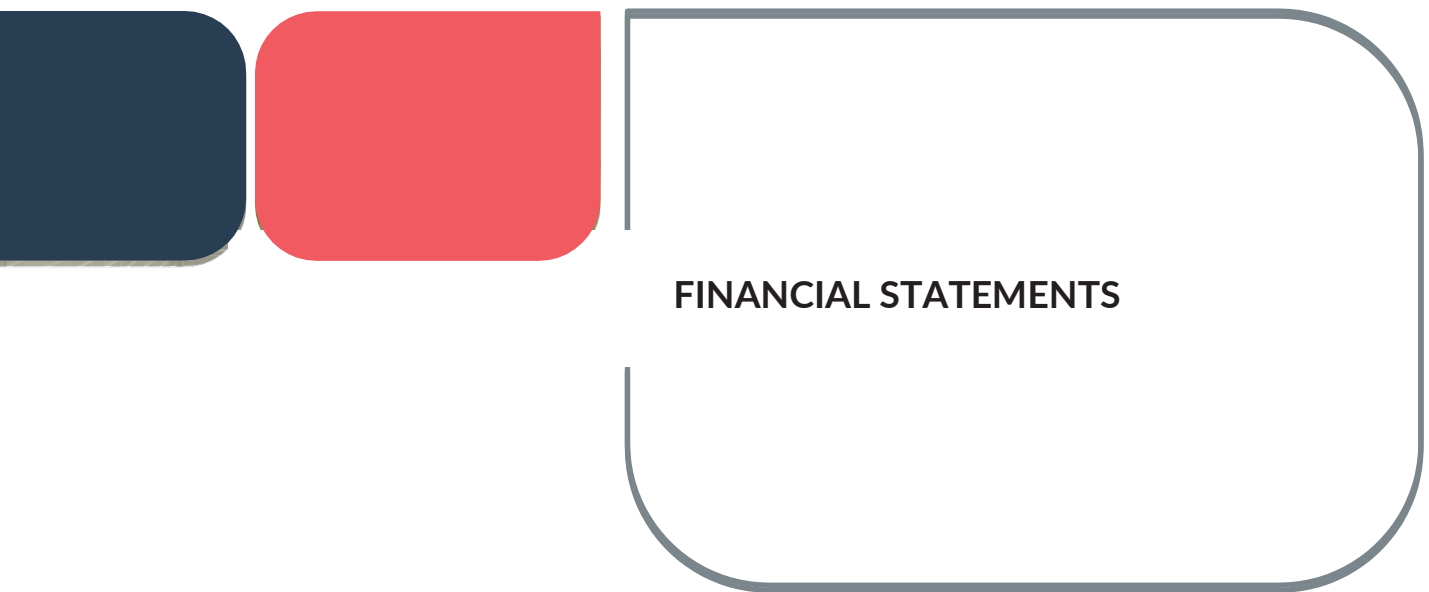
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2026, on our consideration of UCAN's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of UCAN's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UCAN's internal control over financial reporting and compliance.

Sorren CPAs P.C.

Sorren CPAs, P.C.
Medford, Oregon
March 26, 2026



FINANCIAL STATEMENTS

**UNITED COMMUNITY ACTION NETWORK
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024**

ASSETS

	<u>2025</u>	<u>2024</u>
Current assets:		
Cash and cash equivalents	\$ 1,669,038	\$ 1,479,889
Contracts and grants receivable	4,154,537	2,820,521
Prepaid expenses and other assets	61,922	112,357
Inventory	292,706	335,747
Total current assets	<u>6,178,203</u>	<u>4,748,514</u>
Non-current assets:		
Property and equipment, net	16,632,809	17,048,329
Right of use assets - operating leases	1,905,335	1,731,000
Beneficial interest in assets held by the Oregon Community Foundation	<u>21,628</u>	<u>19,490</u>
Total non-current assets	<u>18,559,772</u>	<u>18,798,819</u>
TOTAL ASSETS	<u><u>\$ 24,737,975</u></u>	<u><u>\$ 23,547,333</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 1,074,403	\$ 596,024
Accrued payroll and benefits	899,137	867,078
Accrued employee paid time off	284,910	264,098
Deferred revenues	1,437,353	1,216,519
Refundable deposits	49,755	41,411
Accrued interest payable	7,167	7,772
Current maturities - notes payable	113,514	109,008
Current maturities - operating lease liabilities	<u>549,605</u>	<u>554,016</u>
Total current liabilities	<u>4,415,844</u>	<u>3,655,926</u>
Long-term liabilities:		
Notes payable - net of current portion	3,835,347	3,947,760
Operating lease liabilities - net of current portion	<u>1,343,120</u>	<u>1,191,944</u>
Total long-term liabilities	<u>5,178,467</u>	<u>5,139,704</u>
TOTAL LIABILITIES	<u>9,594,311</u>	<u>8,795,630</u>
Net assets:		
Without donor restrictions	13,611,006	12,773,330
With donor restrictions	<u>1,532,658</u>	<u>1,978,373</u>
TOTAL NET ASSETS	<u>15,143,664</u>	<u>14,751,703</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 24,737,975</u></u>	<u><u>\$ 23,547,333</u></u>

**UNITED COMMUNITY ACTION NETWORK
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Government agencies	\$ -	\$ 30,740,011	\$ 30,740,011
Contributions	-	500,554	500,554
Private agencies	502,692	400,847	903,539
USDA food	-	749,205	749,205
In-kind services	-	312,101	312,101
Other donated food commodities	-	1,711,934	1,711,934
Program earned revenues	1,160,153	-	1,160,153
Commodities and food sales	86,990	-	86,990
Miscellaneous	59,698	-	59,698
Total revenue and support	1,809,533	34,414,652	36,224,185
Net assets released from restriction:			
Satisfaction of program purpose restrictions	34,862,505	(34,862,505)	-
Total release from restriction	34,862,505	(34,862,505)	-
Total operating revenue	36,672,038	(447,853)	36,224,185
EXPENSES			
Program services:			
Child services	10,434,044	-	10,434,044
Food programs	3,483,037	-	3,483,037
Utility assistance	3,368,150	-	3,368,150
Weatherization	1,389,786	-	1,389,786
Housing and stabilization services	12,213,271	-	12,213,271
Property management	839,103	-	839,103
Volunteer services	433,477	-	433,477
Total program expenses	32,160,868	-	32,160,868
Support services:			
Management and general	3,698,032	-	3,698,032
Total support services	3,698,032	-	3,698,032
Total expenses	35,858,900	-	35,858,900
Operating income (loss)	813,138	(447,853)	365,285
Nonoperating income (loss)			
Gain on sale of property and equipment	24,538	-	24,538
Change in value of assets held by the Oregon Community Foundation	-	2,138	2,138
Total nonoperating income (loss)	24,538	2,138	26,676
CHANGE IN NET ASSETS	837,676	(445,715)	391,961
NET ASSETS AT BEGINNING OF YEAR	12,773,330	1,978,373	14,751,703
NET ASSETS AT END OF YEAR	\$ 13,611,006	\$ 1,532,658	\$ 15,143,664

**UNITED COMMUNITY ACTION NETWORK
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Government agencies	\$ -	\$ 25,163,809	\$ 25,163,809
Contributions	-	345,211	345,211
Private agencies	-	365,025	365,025
USDA food	-	841,377	841,377
In-kind services and facilities use	-	348,898	348,898
Other donated food commodities	-	2,018,999	2,018,999
Program earned revenues	1,147,498	-	1,147,498
Commodities and food sales	38,272	-	38,272
Miscellaneous	12,546	-	12,546
	<u>1,198,316</u>	<u>29,083,319</u>	<u>30,281,635</u>
Net assets released from restriction:			
Satisfaction of program purpose restrictions	29,239,829	(29,239,829)	-
	<u>29,239,829</u>	<u>(29,239,829)</u>	<u>-</u>
Total release from restriction			
	<u>29,239,829</u>	<u>(29,239,829)</u>	<u>-</u>
Total operating revenue	<u>30,438,145</u>	<u>(156,510)</u>	<u>30,281,635</u>
EXPENSES			
Program services:			
Child services	9,674,509	-	9,674,509
Transportation	251,856	-	251,856
Food programs	4,063,100	-	4,063,100
Utility assistance	3,788,414	-	3,788,414
Weatherization	1,263,165	-	1,263,165
Housing and stabilization services	7,519,363	-	7,519,363
Property management	712,754	-	712,754
Volunteer services	746,847	-	746,847
	<u>28,020,008</u>	<u>-</u>	<u>28,020,008</u>
Support services:			
Management and general	3,046,395	-	3,046,395
	<u>3,046,395</u>	<u>-</u>	<u>3,046,395</u>
Total support services			
	<u>3,046,395</u>	<u>-</u>	<u>3,046,395</u>
Total expenses	<u>31,066,403</u>	<u>-</u>	<u>31,066,403</u>
Operating income (loss)	<u>(628,258)</u>	<u>(156,510)</u>	<u>(784,768)</u>
Nonoperating income (loss)			
Gain on sale of property and equipment	95,725	-	95,725
Change in value of assets held by the Oregon Community Foundation	-	1,835	1,835
	<u>95,725</u>	<u>1,835</u>	<u>97,560</u>
Total nonoperating income (loss)			
	<u>95,725</u>	<u>1,835</u>	<u>97,560</u>
CHANGE IN NET ASSETS	<u>(532,533)</u>	<u>(154,675)</u>	<u>(687,208)</u>
NET ASSETS AT BEGINNING OF YEAR	<u>13,305,863</u>	<u>2,133,048</u>	<u>15,438,911</u>
NET ASSETS AT END OF YEAR	<u>\$ 12,773,330</u>	<u>\$ 1,978,373</u>	<u>\$ 14,751,703</u>

**UNITED COMMUNITY ACTION NETWORK
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025**

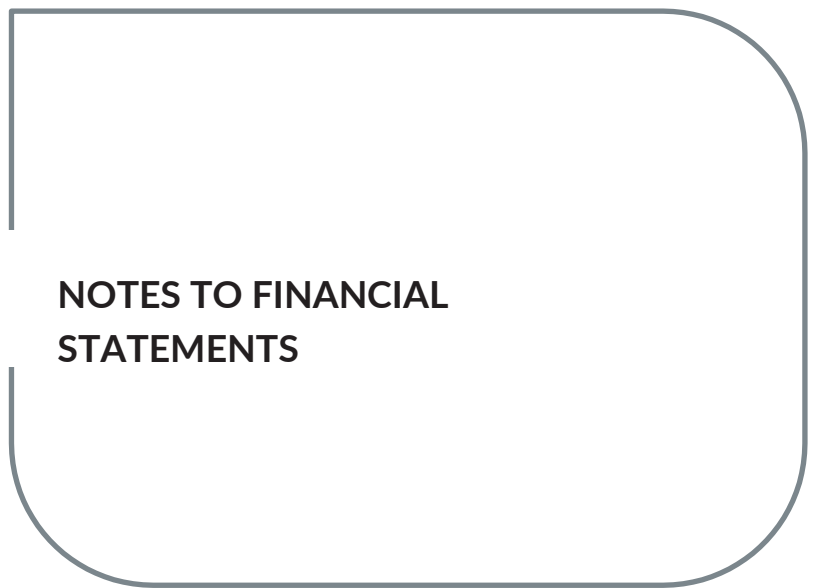
Expenses	Program Services							Support Services	Total
	Child Services	Food Programs	Utility Assistance	Weatherization	Housing and Stabilization Services	Property Management	Volunteer Services	Management and General	
Personnel salaries	\$ 5,762,044	\$ 326,623	\$ 478,488	\$ 331,891	\$ 2,075,713	\$ 165,564	\$ 146,180	\$ 1,775,931	\$ 11,062,434
Payroll taxes and benefits	2,241,258	108,050	198,241	128,215	744,243	63,483	54,787	510,622	4,048,899
Professional services	-	302	10,985	355	268,513	3,112	-	153,211	436,478
Training and travel	98,827	1,421	5,598	35,047	73,911	89	3,164	20,680	238,737
Vehicle operating expenses	227,775	20,462	34,107	15,451	75,047	8,566	1,770	25,645	408,823
Rental expense and building repairs	405,604	44,400	90,837	29,428	117,134	271,521	29,553	41,942	1,030,419
Insurance	123,553	17,558	6,705	4,976	17,455	39,618	288	40,817	250,970
Office expenses and supplies	299,080	3,259	49,406	8,292	126,102	1,784	4,402	227,358	719,683
Equipment and repairs	119,837	141,801	1,498	1,715	273,359	28,925	463	6,216	573,814
Interest and property taxes	-	-	-	-	-	17,019	-	167,912	184,931
Rent and utility assistance	-	-	2,479,325	-	7,088,123	-	-	1,425	9,568,873
Food assistance	298,580	104,884	-	-	-	-	-	-	403,464
Support service supplies	382,268	9,499	10,732	129,247	28,795	-	19,859	3,241	583,641
Volunteer support	-	-	-	-	-	-	129,463	-	129,463
Sub-contracting expenses	16,432	-	-	693,985	1,244,949	-	-	36,687	1,992,053
Miscellaneous expenses	26,203	5,948	2,228	4,974	10,810	4,306	1,505	455,872	511,846
In-kind expenses	184,256	2,559,340	-	-	31,023	-	42,043	-	2,816,662
Depreciation	248,327	139,490	-	6,210	38,094	235,116	-	230,473	897,710
Total expenses	\$ 10,434,044	\$ 3,483,037	\$ 3,368,150	\$ 1,389,786	\$ 12,213,271	\$ 839,103	\$ 433,477	\$ 3,698,032	\$ 35,858,900

**UNITED COMMUNITY ACTION NETWORK
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024**

Expenses	Program Services							Support Services	Total	
	Child Services	Transportation	Food Programs	Utility Assistance	Weatherization	Housing and Stabilization Services	Property Management	Volunteer Services		Management and General
Personnel salaries	\$ 5,664,543	\$ 59,181	\$ 306,973	\$ 439,885	\$ 262,281	\$ 1,985,716	\$ 163,157	\$ 206,568	\$ 1,545,264	\$ 10,633,568
Payroll taxes and benefits	2,114,810	20,305	104,888	176,962	95,472	715,966	57,528	87,908	458,445	3,832,284
Professional services	33,322	214	2,605	20,775	867	190,331	14,145	16,182	235,915	514,356
Training and travel	66,081	140	658	15,479	51,674	39,319	3,653	7,100	17,821	201,925
Vehicle operating expenses	210,155	142	15,400	15,311	12,052	70,791	3,562	2,052	36,184	365,649
Rental expense and building repairs	154,594	5,511	29,594	69,377	2,549	162,578	66,048	49,185	12,052	551,488
Insurance	109,079	93	15,542	7,247	4,414	15,928	35,397	434	36,728	224,862
Office expenses and supplies	240,515	1,264	7,624	56,458	27,438	94,199	4,450	16,164	159,673	607,785
Equipment and repairs	157,178	101	173,536	785	1,203	9,779	5,122	2,105	1,743	351,552
Interest and property taxes	3,494	-	16	-	-	1,214	17,139	22	206,236	228,121
Rent and utility assistance	1,564	-	-	2,918,924	961	3,910,938	-	-	26	6,832,413
Food assistance	311,405	-	112,323	-	-	2,590	-	-	-	426,318
Support service supplies	175,856	13	8,418	67,211	100,971	80,406	-	169	4,141	437,185
Volunteer support	-	161,081	-	-	-	-	-	153,146	-	314,227
Sub-contracting expenses	21,652	-	-	-	691,879	198,717	-	-	3,677	915,925
Miscellaneous expenses	15,926	3,811	457,173	-	762	9,163	4,011	2,442	129,771	623,059
In-kind expenses	145,528	-	2,809,362	-	-	-	-	203,370	-	3,158,260
Depreciation	248,807	-	18,988	-	10,642	31,728	338,542	-	198,719	847,426
Total expenses	\$ 9,674,509	\$ 251,856	\$ 4,063,100	\$ 3,788,414	\$ 1,263,165	\$ 7,519,363	\$ 712,754	\$ 746,847	\$ 3,046,395	\$ 31,066,403

**UNITED COMMUNITY ACTION NETWORK
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
Cash flows from operating activities:		
Change in net assets	\$ 391,961	\$ (687,208)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	897,710	847,426
Reduction in carrying amount of right-of-use assets	526,446	429,570
Cash paid for operating leases	(554,016)	(404,707)
(Gain)/loss on sale of assets	(24,538)	(95,725)
Unrealized (gain)/loss in value of beneficial interest in OCF	(2,138)	(1,835)
(Increase) decrease in current assets:		
Contracts and grants receivable	(1,334,016)	1,251,607
Inventory	43,041	(53,821)
Prepaid expenses and other assets	50,435	(75,225)
Increase (decrease) in current liabilities:		
Accounts payable	462,282	(503,851)
Accrued payroll and benefits	32,059	(150,015)
Accrued employee paid time off	20,812	(23,645)
Deferred revenues	220,834	894,801
Refundable deposits	8,344	2,226
Accrued interest payable	(605)	1,105
	738,611	1,430,703
Net cash provided (used) by operating activities		
Cash flows from investing activities:		
Proceeds from sale of property and equipment	49,252	200,850
Purchases of property and equipment	(490,807)	(953,673)
	(441,555)	(752,823)
Net cash provided (used) by investing activities		
Cash flows from financing activities:		
Draws on line of credit	1,200,000	584,000
Payments on line of credit	(1,200,000)	(584,000)
Proceeds from issuance of long-term debt	-	260,000
Repayment of debt	(107,907)	(103,074)
	(107,907)	156,926
Net cash provided (used) by financing activities		
Net change in cash and cash equivalents	189,149	834,806
Beginning cash and cash equivalents	1,479,889	645,083
Ending cash and cash equivalents	\$ 1,669,038	\$ 1,479,889
Supplemental disclosure of cash flow information:		
Cash paid during the year:		
Interest paid	\$ 141,441	\$ 205,210
Supplemental disclosure of noncash activities:		
Right-of-use assets obtained in exchange for lease liabilities	\$ 700,781	\$ 756,986
Acquisition of property and equipment with accounts payable	\$ 16,097	\$ 103,523



**NOTES TO FINANCIAL
STATEMENTS**

**UNITED COMMUNITY ACTION NETWORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 1 – Summary of Significant Accounting Policies

Nature of Operations

Originally founded in 1969 as the Parents Action Council, Inc., the name was changed to United Community Action Network (UCAN), in 2008. UCAN is a private, non-profit community action agency. UCAN operates in all parts of Douglas County and Josephine County, Oregon, promoting resources and opportunities to help increase the self-sufficiency of low-income individuals. Through the operation of several programs and close interaction with many agencies, UCAN strives to positively influence the quality of life for the elderly, low-income, and disabled individuals and families, as well as the community in general.

Basis of Accounting

The financial statements of UCAN have been prepared on the accrual basis of accounting, and accordingly, reflects all significant receivables, payables, and other liabilities.

Basis of Presentation

UCAN reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets with donor restrictions and net assets without donor restrictions.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of UCAN, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

UCAN's unspent contributions are reported in net assets with donor restrictions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, UCAN considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents, unless the investments are held for meeting restrictions for purchase of property and equipment, payment of long-term debt, or endowment.

**UNITED COMMUNITY ACTION NETWORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 1 – Summary of Significant Accounting Policies (continued)

Contracts and Grants Receivable

Contracts and grants receivable represent amounts that have been billed under agency contracts and grants but not collected as of the date of the financial statements. All contracts and grants receivable represent amounts owed by federal, state and local government agencies. Contracts and grants receivable are stated at the amount management expects to be collected from the outstanding balance. At June 30, 2025, and 2024, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Inventory

UCAN receives non-cash donations of food commodities from the United States Department of Agriculture (USDA) and the Oregon Food Bank (OFB). UCAN serves as an agent and all non-cash contributions of food commodities flow through UCAN directly to other non-profit organization distribution centers. Donated food and USDA commodities are recorded directly in the financial statements as other donated food commodities and as in-kind expenses within the Food Programs. Additionally, UCAN purchases food for sale. The inventory of purchased food is recorded at cost. Inventory is counted monthly. Inventory is carried at the lower of cost or net realizable value using the first-in, first-out method.

Property and Equipment

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method based on the estimated useful life of the assets, which range from 3-40 years depending on the fixed asset.

Leases

UCAN determines if an arrangement contains a lease at the inception of a contract. The lease classification is determined at the commencement date. In accordance with ASC 842, operating leases are included in lease right of use (ROU) assets, current liabilities, and long-term liabilities on the statement of financial position. As a practical expedient, UCAN has elected to combine lease and nonlease components as a single lease.

Right-of-use assets represent UCAN's right to use an underlying asset for the lease term and lease liabilities represent UCAN's obligation to make lease payments arising from the lease during the lease term. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of the remaining future minimum lease payments during the lease term. Lease commencement is the date UCAN has the right to control the property. UCAN utilizes its incremental borrowing rate to discount the lease payments. The incremental borrowing rate is based on UCAN's estimated rate of interest for a collateralized borrowing over a similar term as the lease term.

**UNITED COMMUNITY ACTION NETWORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 1 – Summary of Significant Accounting Policies (Continued)

Leases (continued)

The lease right-of-use assets also include lease payments made before commencement, lease incentives, and are recorded net of impairment. Leases are expensed on a straight-line basis over the lease term. UCAN accounts for lease components and non-lease components as a single lease component. Variable lease payment amounts that cannot be determined at the commencement of the lease such as increases in lease payments based on changes in index rates or usage, are not included in the right-of-use assets or lease liabilities. These are expensed as incurred. UCAN has real estate leases which require additional payments based on reimbursement for real estate taxes and common area maintenance and insurance, which are expensed as incurred as variable lease costs and hence are not included in the lease payments used to calculate lease liability. Other real estate leases contain one fixed lease payment that includes real estate taxes, common area maintenance and insurance. These fixed payments are considered part of the lease payment and included in the right-of-use assets and lease liabilities. UCAN does not separately account for the land portion of the leases involving land and building.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions revenue is recognized when cash, other assets, unconditional promises to give, or notification of a beneficial interest is received.

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Donated Land, Buildings, Equipment and other Long-Lived Assets

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. UCAN reports expirations of donor restrictions when the donated or acquired asset is placed in service. UCAN reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by UCAN. UCAN receives donated services related to its AmeriCorps, AmeriCorps Seniors and Head Start Programs. Additionally, volunteers have donated their time to various programs throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met. These programs include the Head Start, Food Programs and Transportation.

Donated Commodities

Commodities received through the USDA and OFB are recorded as revenue at their commodity values per pound, which averaged \$1.47 per pound and \$1.39 per pound for the years ending June 30, 2025, and 2024, respectively.

Approximately 1.72 million and 1.92 million pounds of donated food were received from the above referenced sources during the years ended June 30, 2025, and 2024, respectively.

**UNITED COMMUNITY ACTION NETWORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 1 – Summary of Significant Accounting Policies (Continued)

Advertising Costs

Advertising costs are expensed as incurred. The amounts spent on advertisements by UCAN for the years ended June 30, 2025, and 2024, were \$9,037 and \$1,742, respectively.

Tax-Exempt Status

UCAN is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, UCAN qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). However, income from certain activities not directly related to UCAN's tax-exempt purpose is subject to taxation as unrelated business income. At June 30, 2025, UCAN does not have an estimated tax liability on this unrelated business activity. UCAN believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

UCAN's federal Exempt Organization Business Income Tax Return (Form 990) is subject to examination by the IRS, generally for three years after they are filed. UCAN pays a normal annual filing fee to the State of Oregon, Department of Justice.

Concentrations of Credit Risk

The Federal Deposit Insurance Corporation (FDIC) insures account balances at each insured institution. UCAN frequently maintains cash balances greater than the FDIC insurance coverage in one financial institution. At June 30, 2025, the amount that exceeded FDIC coverage was approximately \$1.80 million.

Functional Expenses Allocation

UCAN allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various bases. These are charged differently by cost type and are primarily allocated based on the proportional square footage occupied by a program or support service or by the number of employees in a program as outlined below:

<u>Functional Expense</u>	<u>Allocation Method</u>
Office space, utilities, janitorial, depreciation, repairs	Program square footage occupied
Cell phones, internet, copiers, postage	Personnel count by program and program usage
Financial audit and consultants	Grant audit costs allocated to program audited
Capital and non-capital equipment	Program usage
Software purchases, maintenance and support	Program usage
Staff meetings and retreat expenses	Personnel count by program
Administrative personnel costs	Transaction count or FTE by program

Deferred Revenue

UCAN is primarily the recipient of grants that require expenditure for specified activities before UCAN is reimbursed by the grantor for the costs incurred. However, certain grantors pay in advance of incurring the specified costs; in certain cases, the amount received in excess of amounts spent on reimbursable costs is reported as unearned revenue.

**UNITED COMMUNITY ACTION NETWORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 1 – Summary of Significant Accounting Policies (Continued)

Deferred Revenue (continued)

Accounting standards update No. 2018-08 clarified the conditions under which an entity would record deferred revenue. There must exist a donor-imposed condition, which is a barrier to overcome and a right of return of assets transferred or a right of release of the promisor's obligation to transfer assets, in order for the contribution to be considered conditional. When grant monies are received in advance for such grants, UCAN only records such balances as deferred revenue if the contribution is conditional as defined above.

Description of Programs

Child Services -

Douglas County Head Start and Early Head Start - Accounts for revenues and expenditures related to the federally funded Head Start Program and Early Head Start Program and to an Oregon Pre-Kindergarten program, Preschool Promise. The Head Start Program also provides meals to children enrolled in the Head Start Program through funding provided by the USDA. The Head Start Program provides early childhood education for low income and/or special needs children, between the ages of three to five, through classroom programs designed to prepare children for the public-school experience. The Early Head Start Program provides services for pregnant moms and children from birth to three years through a combination of home-based services and center-based services. Parent education and family involvement are promoted through parenting support groups, volunteering in the classroom, and assistance in program planning. Support services include offering developmental screenings, dental screenings and helping families to find places to obtain medical and dental services. Referrals to other service providers are also offered to families.

Healthy Families Program - UCAN operates the Healthy Families Program in Douglas, Klamath, and Lake Counties. The goal of the Healthy Families Program is to prevent child abuse and neglect. Prior to or immediately after birth, parents are screened to determine eligibility for the program. All services are voluntary. The program focuses on strengthening the parent-child relationship to assure healthy child growth and development. Home visitors help parents develop nurturing, positive relationships with their babies so that they thrive. Parents receive information about child development, infant care and how to keep their babies healthy, and learn about resources to support their babies.

Nurse Home Visiting Program - Through UCAN's Nurse Home Visiting Program, eligible Douglas County pregnant women, families with young children and families with children with special needs receive comprehensive support services from nurses. Programs offered through Nurse Home Visiting include Maternity Case Management, Babies First and CaCoon.

Women, Infants and Children Program (WIC) - UCAN provides WIC services in Douglas County. WIC is a nutrition education program that helps pregnant women, new mothers, and young children learn how to eat well and stay healthy. WIC works to improve the health and nutrition of women and children during critical years of a child's development.

Healthy Start Program - The Healthy Start Program operates in Douglas County to prevent infant mortality. The program offers a variety of services to mothers to support the healthy development of their infant.

**UNITED COMMUNITY ACTION NETWORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 1 – Summary of Significant Accounting Policies (Continued)

Description of Programs (continued)

Transportation -

Medicaid Transportation Program - Accounts for transportation services provided to eligible Oregon Health Plan and eligible Medicaid clients traveling to authorized medical services in Coos, Douglas and Josephine Counties. This service is provided in conjunction with a number of different brokerage firms and is provided to clients who have no other means to get to their medical services. This program ended as of February 1, 2024.

Food Programs -

Food Bank - Accounts for revenues and expenditures related to the Feeding Umpqua Food Bank. Feeding Umpqua is the regional food bank for Douglas County and warehouses and provides food to a network of local food pantries and kitchens. Feeding Umpqua collects and distributes donated and surplus food, including USDA and Oregon Food Bank commodities. Food is then distributed for redistribution to low-income individuals and families throughout Douglas County. Feeding Umpqua also operates its own mobile pantry providing emergency food in remote communities.

Nutrition Services - Feeding Umpqua also offers programs that support healthy eating. Food Hero at the Umpqua Valley Farmers' Market offers children fun activities while they learn about nutrition, food and health. Feeding Umpqua has also offered Cooking Matters, a program that helps families prepare healthy meals on a budget.

Utility Assistance -

Utility Assistance - Provides support to low-income individuals so that they can avoid having their energy and water turned off, and cover the costs of their bills. The program also provides education so that households learn how to use less energy while staying warm.

Weatherization -

Weatherization - Accounts for revenues and expenditures related to providing low-income households home measures, retrofits, and upgrades designed to reduce home utility usage and costs. Some funds may also be used to address the health and safety needs of low-income households. Households also may receive education supporting reduced use of energy.

Housing and Stabilization Services -

Housing Services - Accounts for revenues and expenditures related to services that keep low-income households at-risk of losing their housing housed, and those who have lost housing rehoused. Those who are housed can receive rent assistance to help cover the cost of rent. Those without housing can receive move-in assistance to help move into housing. Program case managers work with clients to help them identify and work toward goals related to self-sufficiency. The program also offers additional resources to address barriers to housing, such as motel and hotel vouchers.

Shelter Services - Accounts for revenues and expenditures to operating the Gary Leif Navigation Center, which provides a low-barrier shelter and wraparound case management services to help unhoused individuals become more self-sufficient and transition to permanent, stable housing.

**UNITED COMMUNITY ACTION NETWORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 1 – Summary of Significant Accounting Policies (Continued)

Description of Programs (continued)

Housing and Stabilization Services (continued) -

Veteran Services - This program helps homeless veteran families obtain housing and other benefits and resources to help families remain housed in Douglas, Josephine, Klamath and Lake Counties. Participants also receive case management services.

Money Management - Money Management helps qualifying individuals with managing money and paying their bills through representative payee services.

Wildfire Recovery - This program specifically benefits those who were impacted by the Archie Creek Fire. Through this program, participants are connected with rental assistance and related support as well as housing replacement, rehabilitation, and reconstruction. All assistance is made available with the goal of having participants move from temporary to permanent housing.

Property Management -

Property Management - Accounts for revenues and expenditures for the purpose of providing low-income housing to individuals and families in need. UCAN operates approximately 91 units in 18 properties throughout Douglas County. The housing consists of transitional housing and permanent housing. Transitional housing focuses on moving families to stabilization. Permanent housing allows individuals and families to stay for as long as they need, given certain income requirements, with the objective of helping them to become self-sufficient. All residents are charged a below market rental rate and some are required to participate in case management programming.

Volunteer Services -

United Communities AmeriCorps - Accounts for revenues and expenditures related to providing AmeriCorps members to Coos, Curry, Douglas, Jackson and Josephine counties. AmeriCorps is a national community service program that places members at host sites, including nonprofits, government agencies, and schools. AmeriCorps provides opportunities for Americans to give back in an intensive way to their communities and country by addressing critical needs in education, health, and economic opportunity. Members volunteer for up to one year and receive a stipend, health care benefits, childcare assistance, and may earn an education award to pay off student loans or finance secondary schooling. Funding is provided by community agencies receiving services from AmeriCorps members and from the Corporation for National Community Service through Oregon's Higher Education Coordinating Commission.

AmeriCorps Seniors - Accounts for revenues and expenditures related to providing Retired Seniors Volunteer Program (RSVP) volunteers in Douglas and Josephine counties. RSVP is one of America's largest volunteer network for people age 55+. Members serve to meet critical needs in many areas including assistance with tax preparation, providing Medicare education and enrollment support, and preventing fraud and scams. RSVP volunteers choose how, where, and how often they want to serve, while connecting and supporting other community members.

Gains and Losses, and Investment Income

Investment income and gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless a donor or law restricts their use to a time or purpose restriction or in perpetuity.

**UNITED COMMUNITY ACTION NETWORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 1 – Summary of Significant Accounting Policies (Continued)

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Note 2 – Cash and Cash Equivalents

For purposes of reporting cash flows, cash includes demand deposits at June 30:

	<u>2025</u>	<u>2024</u>
Business checking account	\$ 1,669,038	\$ 1,479,889
Total cash	<u>\$ 1,669,038</u>	<u>\$ 1,479,889</u>

Note 3 – Liquidity and Availability

The following represents UCAN's financial assets that are available to meet cash needs for general expenditures within one year at June 30:

	<u>2025</u>	<u>2024</u>
Financial assets:		
Cash and cash equivalents	\$ 1,669,038	\$ 1,479,889
Contracts/grants receivable	<u>4,154,537</u>	<u>2,820,521</u>
Total financial assets	<u>5,823,575</u>	<u>4,300,410</u>
Less amounts not available to be used within one year:		
Refundable deposits	<u>(49,755)</u>	<u>(41,411)</u>
Financial assets not available to be used within one year	<u>(49,755)</u>	<u>(41,411)</u>
Unused line of credit:	<u>600,000</u>	<u>750,000</u>
Financial assets available to meet expenditures within one year:	<u>\$ 6,373,820</u>	<u>\$ 5,008,999</u>

It is UCAN's policy to minimize time elapsing between the receipt and withdrawal of funds through its grant reimbursement report process. Cash needs for UCAN are compared to cash balances prior to each accounts payable check run, with disbursement made weekly.

**UNITED COMMUNITY ACTION NETWORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 4 – Non-Cash Contributions

Non-cash contributions consisted of the following for year ended June 30, 2025:

	Contributed Space and Services	Food Contributed	Total
Non-cash contributions by program			
Child services	\$ 270,058	\$ -	\$ 270,058
Food programs	-	1,711,934	1,711,934
Volunteer services	42,043	-	42,043
Total non-cash contributions	312,101	1,711,934	2,024,035
Non-cash grants consisting of USDA commodities	-	749,205	749,205
Total non-cash revenues	<u>\$ 312,101</u>	<u>\$ 2,461,139</u>	<u>\$ 2,773,240</u>

Non-cash contributions consisted of the following for year ended June 30, 2024:

	Contributed Space and Services	Food Contributed	Total
Non-cash contributions by program			
Child services	\$ 145,528	\$ -	\$ 145,528
Food programs	-	2,018,999	2,018,999
Volunteer services	203,370	-	203,370
Total non-cash contributions	348,898	2,018,999	2,367,897
Non-cash grants consisting of USDA commodities	-	841,377	841,377
Total non-cash revenues	<u>\$ 348,898</u>	<u>\$ 2,860,376</u>	<u>\$ 3,209,274</u>

Note 5 – Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

Level 1 – Unadjusted inputs using quoted prices in active markets for identical investments.

Level 2 – Other significant observable inputs other than Level 1 prices, including, but are not limited to, quoted prices for similar investments, inputs other than quoted process that are observable for investments (such as interest rates, prepayment speeds, credit risk, etc.) or other market corroborated inputs.

Level 3 – Significant inputs based on the best information available in the circumstances, to the extent observable inputs are not available.

**UNITED COMMUNITY ACTION NETWORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 5 – Fair Value of Financial Instruments (Continued)

The carrying values of cash and cash equivalents, accounts receivable, contracts receivable, pledges receivable, accounts payable, accrued expenses, and deferred revenue, approximates their fair value due to the short maturity of such instruments.

The beneficial interest in assets held by the Oregon Community Foundation (the Foundation) has been valued, as a practical expedient, at the fair value of UCAN's share of the Foundation's investment pool as of the measurement date. The Foundation values securities and other financial instruments on a fair value basis of accounting. The estimated fair value of certain Foundation investments, which includes private placements and other securities for which prices are not readily available, are determined by the management of the Foundation and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. The estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

The Foundation's investments are composed of approximately 59% equities (both domestic and international), 15% private equity/venture capital, 11% in diversifiers (liquid and illiquid), 7% fixed income, and 6% real assets. The remaining assets are in cash and cash equivalents. Due to the perpetual existence of the beneficial interest in the Foundation, the assets held by the Oregon Community Foundation have been categorized as a Level 3 financial instrument.

The following table presents the fair value hierarchy for those assets measured at fair value on a recurring basis:

June 30, 2025	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Total other assets:				
Total beneficial interest in assets held by the Foundation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,628</u>	<u>\$ 21,628</u>
June 30, 2024	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Total other assets:				
Total beneficial interest in assets held by the Foundation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,490</u>	<u>\$ 19,490</u>

Note 6 – Beneficial Interest in Oregon Community Foundation

In December 2006, UCAN elected to participate in the Foundation. UCAN transferred assets to the Foundation which is holding them as an endowed component fund titled the United Community Action Network Endowment Fund (Fund) for the benefit of UCAN. UCAN has granted the Foundation variance power which gives the Foundation's Board of Trustees the power to use the Fund for other purposes in certain circumstances. The Fund is subject to the Foundation's investment and spending policies which currently result in reinvestment of any distributions to be paid to UCAN, of a certain percent of the average quarterly value over time, until further notice.

UCAN reports the fair value of the Fund as Beneficial Interest in Assets Held by the Foundation in the statement of financial position and is included in net assets with donor restrictions in accordance with applicable accounting principles and reports distributions received as investment income. Changes in the value of the Fund are reported in the with donor restriction nonoperating income category on the statement of activities.

The beneficial interest in Oregon Community Foundation at June 30, 2025 and 2024, was \$21,628 and \$19,490, respectively.

**UNITED COMMUNITY ACTION NETWORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 7 – Property and Equipment

Changes in property and equipment for the year ended June 30, 2025 consists of:

	Balance at June 30, 2024	Additions	Transfers	Retirements	Balance at June 30, 2025
Land	\$ 3,610,394	\$ -	\$ -	\$ -	\$ 3,610,394
Construction in progress	75,995	16,940	(86,467)	(6,468)	-
Buildings and improvements	20,019,664	42,416	86,467	(2,100)	20,146,447
Leasehold improvements	138,149	-	-	-	138,149
Furniture, fixtures and equipment	1,795,100	113,904	-	-	1,909,004
Vehicles	1,370,412	333,644	-	(68,165)	1,635,891
	<u>27,009,714</u>	<u>506,904</u>	<u>-</u>	<u>(76,733)</u>	<u>27,439,885</u>
Less: accumulated depreciation	<u>(9,961,385)</u>	<u>(897,710)</u>	<u>-</u>	<u>52,019</u>	<u>(10,807,076)</u>
Total net book value	<u>\$ 17,048,329</u>	<u>\$ (390,806)</u>	<u>\$ -</u>	<u>\$ (24,714)</u>	<u>\$ 16,632,809</u>

Changes in property and equipment for the year ended June 30, 2024 consists of:

	Balance at June 30, 2023	Additions	Transfers	Retirements	Balance at June 30, 2024
Land	\$ 3,610,394	\$ -	\$ -	\$ -	\$ 3,610,394
Construction in progress	-	75,995	-	-	75,995
Buildings and improvements	19,744,490	275,174	-	-	20,019,664
Leasehold improvements	138,149	-	-	-	138,149
Furniture, fixtures and equipment	1,256,496	538,604	-	-	1,795,100
Vehicles	1,413,402	167,423	-	(210,413)	1,370,412
	<u>26,162,931</u>	<u>1,057,196</u>	<u>-</u>	<u>(210,413)</u>	<u>27,009,714</u>
Less: accumulated depreciation	<u>(9,219,247)</u>	<u>(847,426)</u>	<u>-</u>	<u>105,288</u>	<u>(9,961,385)</u>
Total net book value	<u>\$ 16,943,684</u>	<u>\$ 209,770</u>	<u>\$ -</u>	<u>\$ (105,125)</u>	<u>\$ 17,048,329</u>

Depreciation expense for the years ended June 30, 2025, and 2024, was \$897,710 and \$847,426, respectively.

Certain real properties have deed restrictions that limit the sale or transfer of those properties and limit the use of the properties to providing low-income housing for periods up to sixty years from the date placed in service.

**UNITED COMMUNITY ACTION NETWORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 8 – Leases

For the year ended June 30, 2025, UCAN reported lease liabilities in accordance with ASU Topic 842 – *Leases*. UCAN has several non-cancellable operating leases of office equipment, vehicles, and office and classroom space for Head Start, Housing and Stabilization Services, and the UCAN main offices in Josephine County.

Future minimum payments required under the remaining non-cancellable lease terms are as follows at June 30:

	<u>Operating Lease Liability</u>
2026	\$ 549,605
2027	544,946
2028	425,708
2029	261,108
2030	169,988
Thereafter	172,113
Total undiscounted cash flows	2,123,468
Less: present value adjustment	(230,743)
Total operating lease liability	\$ 1,892,725

Non-qualified and variable lease expenses paid under lease agreements for the years ended June 30, 2025 and 2024, was \$627,674 and \$571,869, respectively.

Weighted average discount rates and remaining lease terms in years were as follows for the year ended June 30, 2025 and 2024:

	2025	2024
Weighted average discount rate	5.60%	5.94%
Weighted average remaining lease term in years for operating leases	4.57	4.94

**UNITED COMMUNITY ACTION NETWORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 9 – Long-Term Debt

Long-term debt consisted of the following at June 30:

	2025	2024
Note payable with Umpqua Bank in the amount of \$260,000, dated October 2, 2023. The note is payable in monthly installments of \$1,722, including interest at 5.93% per annum and matures June 14, 2032, including a balloon payment of \$205,250 on that date. The note is secured by the Garden Valley property.	\$ 250,863	\$ 256,263
Note payable with Umpqua Bank in the amount of \$2,400,000, dated June 14, 2022. The note is payable in monthly installments of \$12,611, including interest at 3.90% per annum and matures June 14, 2032, including a balloon payment of \$1,722,600 on that date. The note is secured by the Garden Valley property.	2,218,799	2,280,303
Note payable with Umpqua Bank in the amount of \$1,600,000, dated June 14, 2022. The note is payable in monthly installments of \$8,408, including interest at 3.90% per annum and matures June 14, 2032, including a balloon payment of \$1,148,399 on that date. The note is secured by the Martha Young property.	1,479,199	1,520,202
Total long-term debt	\$ 3,948,861	\$ 4,056,768

Maturities of long-term debt are as follows at June 30:

2026	\$ 113,514
2027	118,207
2028	122,686
2029	128,176
2030	133,484
Thereafter	3,332,794
Total	\$ 3,948,861

Note 10 – Line of Credit

UCAN had a line of credit with Umpqua Bank in the amount of \$750,000 from June 15, 2023 through June 15, 2024 and was renewed from June 14, 2024 through September 13, 2024 with a variable interest rate of 0.0500 percent over the prime index, resulting in an initial interest rate of 8.750%. This is an unsecured revolving line of credit for periodic working capital needs. During the 2024 fiscal year, a total of \$584,000 was loaned out on this line of credit and a total of \$584,000 principal payments were made. During the 2025 fiscal year, a total of \$1,200,000 was loaned out on this line of credit and a total of \$1,200,000 principal payments were made. On June 30, 2025, a new line of credit for \$600,000 was signed. It has a maturity date of June 13, 2026 with 8% interest. The lines of credit carried a zero balance as of June 30, 2025 and 2024.

**UNITED COMMUNITY ACTION NETWORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 11 – Net Assets with Donor Restrictions

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

Net assets with time/purpose restrictions:	<u>2025</u>	<u>2024</u>
Child services	\$ 167,255	\$ 188,529
Food programs	300,100	764,710
Utility assistance	77,680	60,871
Weatherization	40,971	14,115
Housing and stabilization services	925,024	904,348
Volunteer services	-	26,310
	<u>1,511,030</u>	<u>1,958,883</u>
Net assets to be held in perpetuity:		
Beneficial interest in cash and cash equivalent held by the Oregon Community Foundation	<u>21,628</u>	<u>19,490</u>
Total net assets to be held in perpetuity	<u>21,628</u>	<u>19,490</u>
Total net assets with donor restrictions	<u><u>\$ 1,532,658</u></u>	<u><u>\$ 1,978,373</u></u>

Net Assets Restricted in Perpetuity

The Board transferred certain assets to the Oregon Community Foundation. In accordance with GAAP, when this transfer was made, the assets were deemed to be net assets restricted in perpetuity. The Foundation's Board of Trustees controls the Fund's investment and spending policies, UCAN has no control of such policies. The Foundation's investment policies and the performance of the investment managers are reviewed quarterly by an investment committee made up of community volunteers and the Foundation's board members.

Assets Released from Donor Restrictions

Net assets are released from donor restrictions by incurring expenses satisfying the purpose restriction of the donors, by occurrence of other events specified by the donors, or the passage of time. Assets released from donor restrictions were as follows for the years ended June 30:

Purpose restrictions	<u>2025</u>	<u>2024</u>
Child services	\$ 12,007,658	\$ 10,039,591
Transportation	-	254,850
Food programs	3,335,863	4,755,621
Utility assistance	3,623,192	3,806,402
Weatherization	1,586,081	1,278,529
Housing and stabilization services	13,615,103	7,699,070
Volunteer services	521,732	663,355
Administration	<u>172,876</u>	<u>742,411</u>
Total net assets released from donor restrictions	<u><u>\$ 34,862,505</u></u>	<u><u>\$ 29,239,829</u></u>

**UNITED COMMUNITY ACTION NETWORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 12 – Major Grantor and Credit Concentrations

UCAN receives a significant amount of grants that are funded by the Federal government and the State of Oregon. Federal grant funded revenues accounted for approximately 38% and 38% of total revenue, gains and other support for the years ending June 30, 2025, and 2024, respectively. The revenues funded by the State of Oregon accounted for approximately 52% and 50% of total revenue, gains and other support for the years ending June 30, 2025, and 2024, respectively.

Note 13 – Commitments and Contingent Liabilities

Certain amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally federal and state governments. Any expenditures or disallowed claims as a result of such audits would become a liability of UCAN operating funds. Management believes that adjustments, if any, will not materially affect UCAN's financial position.

UCAN has acquired properties over the years financed partially by government grants totaling \$300,000. As a condition of these grants, promissory notes were executed to secure the funds. Under the terms of the promissory notes, each note is without interest and will be canceled on various dates through 2043. However, each note is immediately due and payable upon any event of default as defined in the agreement. Because the note repayment is contingent upon an event of default that management considers unlikely to occur, the grants have been previously recognized as revenues and no liability is reflected in the accompanying financial statements.

In addition, UCAN has received grants from government agencies for the financing of certain properties, whereby if the properties are sold, transferred, refinanced or changed as to use, the grants become immediately payable. At June 30, 2025, there were no liabilities under these agreements.

Note 14 – Donated Facilities Usage

The fair rental value of space utilized by UCAN's Head Start, Housing and Stabilization Services, and is recognized as an in-kind donation to the extent that the fair value exceeds the actual rent paid (if any) by UCAN. The revenue recognized for donated-facilities use included as contributions in the financial statements and the corresponding occupancy costs were \$69,751 and \$132,204 for the years ending June 30, 2025, and 2024, respectively.

Note 15 – Retirement Plan

UCAN maintains a retirement plan qualified under Section 403(b) of the Internal Revenue Code. The Plan covers employees who have completed at least six months of service with UCAN. Contribution expense was \$267,927 and \$256,671, for the years ended June 30, 2025 and 2024, respectively.

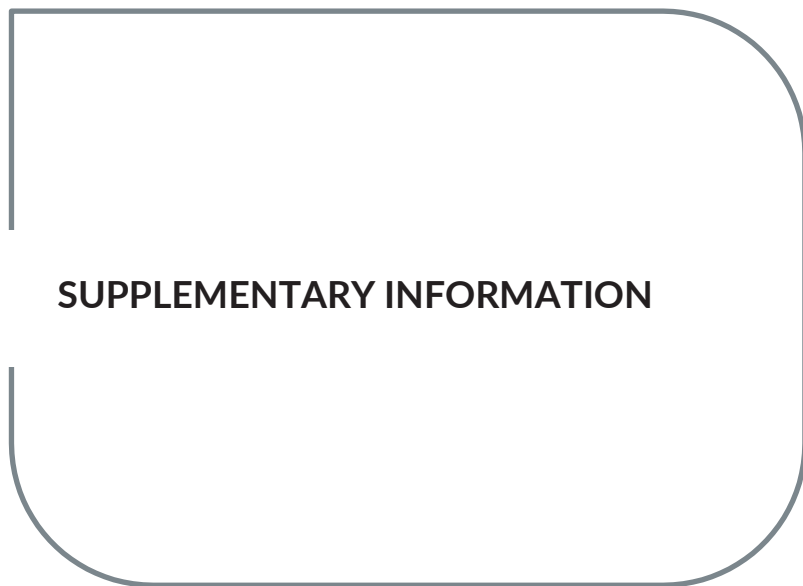
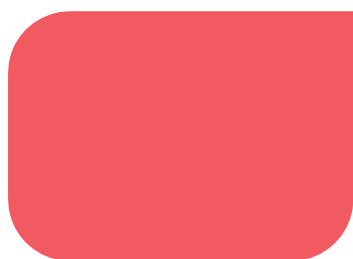
**UNITED COMMUNITY ACTION NETWORK
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

Note 16 – Partnership Investments

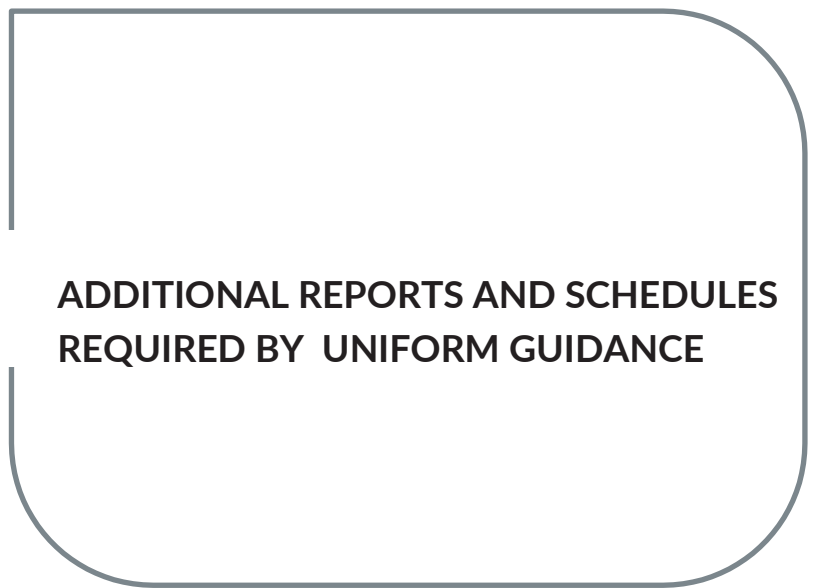
UCAN has a 35% limited interest in Umpqua UCAN LLC (UULLC), a real estate venture that is primarily involved in the development of an affordable tax credit housing project on the Roseburg Veterans Affairs Medical Center Campus (VA Campus). The project consists of construction of 55 apartment units in ten residential buildings, and one non-residential building. UCAN entered into an agreement with Umpqua UCAN LLC and Umpqua Community Development Corporation dba Neighborworks Umpqua (UCDC NU) to form Eagle Landing Associates LLC (ELALLC) to own the affordable housing project on the VA Campus upon completion of construction. UCAN and UCDC NU each acquired a 0.5% interest and a requirement to invest \$50 as a capital contribution. UULLC acquired a 99% interest in ELALLC and \$9,900 investment requirement. In 2028, UULLC will become 100% owner of the real property and control all rental activities. As a result of beginning construction, the ELALLC Operating Agreement was amended and restated to change the membership of ELALLC, which withdrew the 0.5% memberships of UCAN and UCDC NU. Additionally, UULLC's share of ELALLC was changed from a 99% share to a 0.01% share. UCAN received a full refund of their capital contribution, which as of October 10, 2012, was \$0. An investor member(s) will have a 99.99% share in ELALLC. UCAN effectively has a 35% share of 0.01% share of ELALLC. The investment is valued at cost and has a value of \$0.

Note 17 – Subsequent Events

Management of UCAN has evaluated events and transactions occurring after June 30, 2025, through March 26, 2026, the date the financial statements were available to be issued, for recognition and/or disclosure in the financial statements.



SUPPLEMENTARY INFORMATION



**ADDITIONAL REPORTS AND SCHEDULES
REQUIRED BY UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
United Community Action Network

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of United Community Action Network (UCAN), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 26, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered UCAN's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of UCAN's internal control. Accordingly, we do not express an opinion on the effectiveness of UCAN's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether UCAN's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sorren CPAs P.C.

Sorren CPAs, P.C.
Medford, Oregon
March 26, 2026

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
United Community Action Network

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited United Community Action Network's (UCAN) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of UCAN's major federal programs for the year ended June 30, 2025. UCAN's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, UCAN complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*) and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the UCAN and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the UCAN's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the UCAN's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on UCAN's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about UCAN's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding UCAN's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of UCAN's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of UCAN's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal controls over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Sorren CPAs P.C.

Sorren CPAs, P.C.
Medford, Oregon
March 26, 2026

**UNITED COMMUNITY ACTION NETWORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal AL Number	Grant/Contract Number	Federal Expenditures
U. S. Department of Agriculture			
Passed through Oregon Health Authority:			
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	Grant Agreement #180056	\$ 766,392
Total AL 10.557			<u>766,392</u>
Passed through Oregon Department of Education:			
Child and Adult Care Food Program (CACFP)	10.558	Contract #1021002	261,570
Total AL 10.558			<u>261,570</u>
Passed through Oregon Food Bank:			
Emergency Food Assistance Program (Administrative Costs)	10.568	F00009-5	29,965
Emergency Food Assistance Program (Food Commodities) TEFAP	10.569	F00009-5	749,205
Total Food Distribution Cluster			<u>779,170</u>
Total U. S. Department of Agriculture			\$ 1,807,132
U. S. Department of Housing and Urban Development			
Direct Program:			
Continuum of Care Program	14.267	OR0080L0E052316	\$ 370,691
Total AL 14.267			<u>370,691</u>
Passed through City of Grants Pass:			
Community Development Block Grants/Entitlement Grants	14.218	n/a	4,085
Total CDBG - Entitlement Grants Cluster			<u>4,085</u>
Passed through Oregon Housing and Community Services:			
Emergency Solutions Grant Program	14.231	Master Grant Agreement 2023-2025 #8029	199,349
Total AL 14.231			<u>199,349</u>
Home Investment Partnerships Program	14.239	Master Grant Agreement 2023-2025 #8029	566,691
Total AL 14.239			<u>566,691</u>
Total U. S. Department of Housing and Urban Development			\$ 1,140,816
U. S. Department of Veterans Affairs			
Passed through ACCESS, Inc:			
VA Supportive Services for Veteran Families Program	64.033	Grant #19-OR-128	\$ 1,527,349
Passed through Community Action Partnership of Oregon:			
VA Supportive Services for Veteran Families Program	64.033	20-OR430	844,873
Total AL 64.033			<u>2,372,222</u>
Total U. S. Department of Veterans Affairs			\$ 2,372,222
U. S. Department of Energy			
Passed through Oregon Housing and Community Services:			
Weatherization Assistance For Low-Income Persons	81.042	Master Grant Agreement 2023-2025 #8029	\$ 381,559
Total AL 81.042			<u>381,559</u>
Weatherization Assistance For Low-Income Persons (BPA Funds)	81.XXX	Master Grant Agreement 2023-2025 #8029	2,178
Total AL 81.XXX			<u>2,178</u>
Total U. S. Department of Energy			\$ 383,737

**UNITED COMMUNITY ACTION NETWORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal AL Number	Grant/Contract Number	Federal Expenditures
U. S. Department of Health and Human Services			
Direct Programs:			
Head Start	93.600	10CH012413-02-00	\$ 3,506,958
Total Head Start Cluster			<u>3,506,958</u>
Passed through Oregon Department of Consumer and Business Services:			
Special Programs for the Aging-Title IV and Title II Discretionary Projects	93.048	180682-01	4,542
Total AL 93.048			<u>4,542</u>
Medicare Enrollment Assistance Program	93.071	177935-01	1,950
Total AL 93.071			<u>1,950</u>
State Health Insurance Assistance Program	93.324	170673-05	10,122
Total AL 93.324			<u>10,122</u>
Passed through Oregon Department of Education:			
MaryLee Allen Promoting Safe and Stable Families	93.556	23033-02	138,065
Total AL 93.556			<u>138,065</u>
Passed through Oregon Housing and Community Services:			
Temporary Assistance for Needy Families (TANF)	93.558	Master Grant Agreement 2023-2025 #8029	145,792
Total AL 93.558			<u>145,792</u>
Low Income Home Energy Assistance Program	93.568	Master Grant Agreement 2023-2025 #8029	2,824,950
Total AL 93.568			<u>2,824,950</u>
Community Services Block Grant	93.569	Master Grant Agreement 2023-2025 #8029	257,175
Total AL 93.569			<u>257,175</u>
Passed through Community Action Partnership of Oregon:			
COVID-19 - Social Services Research and Demonstration	93.647	N/A	14,040
Total AL 93.647			<u>14,040</u>
Passed through Oregon Health Authority:			
Medical Assistance Program	93.778	Grant Agreement #180056-04	12,901
Total Medicaid Cluster			<u>12,901</u>
Maternal, Infant, and Early Childhood Home Visiting Program	93.870	Grant Agreement #181645	166,084
Total AL 93.870			<u>166,084</u>
Passed through Health Care Coalition of Southern Oregon:			
Healthy Start Initiative	93.926	Sub Award #H49MC00136-UCAN	143,490
Total AL 93.926			<u>143,490</u>
Passed through Oregon Health Authority:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Grant Agreement #173286	158,396
Total AL 93.959			<u>158,396</u>
Maternal and Child Health Services Block Grant to the States	93.994	Grant Agreement #180056	46,503
Total AL 93.994			<u>46,503</u>
		Total U. S. Department of Health and Human Services	\$ 7,430,968
Corporation For National and Community Service			
Direct Program:			
Retired and Senior Volunteer Program	94.002	22SRIOR004	\$ 71,011
Total AL 94.002			<u>71,011</u>
Passed through State of Oregon Higher Education Coordinating Commission:			
AmeriCorps	94.006	24-042B	304,610
Total AL 94.006			<u>304,610</u>
		Total Corporation For National and Community Service	\$ 375,621
U. S. Department of Homeland Security			
Passed through United Way of America:			
Emergency Food and Shelter Program National Board Program	97.024	LRO ID: 710800-003; 710800-014	\$ 45,587
Total AL 97.024			<u>45,587</u>
		Total U. S. Department of Homeland Security	\$ 45,587
		Total Expenditures of Federal Awards	\$ 13,556,083

**UNITED COMMUNITY ACTION NETWORK
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025**

NOTE A – BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of United Community Action Network (UCAN) under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of UCAN, it is not intended to and does not present the financial position, changes in net position, or cash flows of UCAN.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST RATE:

The Organization has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE D – FOOD DISTRIBUTION:

Non-monetary assistance is reported on the Schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2025, UCAN received food commodities totaling \$749,205 for Assistance Listing #10.569.

**UNITED COMMUNITY ACTION NETWORK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025**

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major federal programs:

AL Number(s)

#10.557

Name of Federal Program or Cluster

WIC Special Supplemental Nutrition Program for Women, Infants, and Children

#93.600

Head Start Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee? Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARDS FINDINGS

None