UNITED WAY OF NORTHERN UTAH

FINANCIAL STATEMENTS
and
INDEPENDENT AUDITOR'S REPORT

For the Years Ended June 30, 2023 and 2022

HBME

COMMITTED. EXPERIENCED. TRUSTED.

UNITED WAY OF NORTHERN UTAH

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Northern Utah
Ogden, Utah

Opinion

We have audited the financial statements of the United Way of Northern Utah (the United Way), which comprise the statement of financial position as of June 30, 2023 and 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of the United Way as of June 30, 2023 and 2022, 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). 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 the United Way 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 the United Way's ability to continue as a going concern for one year after the date that the financial statements are 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 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, 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 the United Way'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 the United Way'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.

HBMC, LLC

September 14, 2023

UNITED WAY OF NORTHERN UTAH
Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 117,887	$ 228,977
Cash and cash equivalents, restricted	2,543,341	8,413,933
Operating investments	3,305,818	3,084,539
Pledges receivable, net:		
Annual campaign	173,722	263,676
Previous years' annual campaign	15,742	12,411
Corporate pledge	98,148	96,296
Government contracts and other receivables	1,231,697	902,628
Prepaid expenses	51,318	37,595
Total current assets	7,537,673	13,040,055
Pledges receivable, net:		
Corporate pledge	-	98,148
Right of use asset	18,671	-
Property and equipment, net	1,241,361	1,276,158
Total assets	$ 8,797,705	$ 14,414,361
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 166,369	$ 128,230
Payroll and other accrued liabilities	117,168	115,610
Amounts donor-designated for other campaigns	1,481,649	3,441,190
Lease liability, current	7,805	-
Contract liabilities	100,079	1,657
Total current liabilities	1,873,070	3,686,687
Non-current liabilities		
Lease liability	10,866	-
Total liabilities	1,883,936	3,686,687
Net assets:		
Without donor restrictions		
Undesignated	-	237,364
Designated by the Board for specific purposes	3,431,234	3,306,026
Invested in property and equipment, net of related debt	1,241,361	1,276,158
	4,672,595	4,819,548
With donor restrictions:		
Purpose restrictions	2,241,174	5,908,126
Total net assets	6,913,769	10,727,674
Total liabilities and net assets	$ 8,797,705	$ 14,414,361

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF NORTHERN UTAH
Statement of Activities
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Public support and other revenue:			
Annual campaign contributions	$ 407,439	$ 120,781	$ 528,220
Campaign pledge losses	(32,657)	-	(32,657)
Net campaign contributions	374,782	120,781	495,563
Grants	3,661,384	274,148	3,935,532
Special events	198,954	-	198,954
Interest income	445	18,771	19,216
Net investment return	235,030	-	235,030
In-kind contributions	112,036	-	112,036
Miscellaneous	3,210	-	3,210
Net assets released from restrictions	4,080,652	(4,080,652)	-
Total public support and other revenue	8,666,493	(3,666,952)	4,999,541
Exchange revenue:			
Rent revenue	161,634	-	161,634
Membership fees	8,875	-	8,875
Workplace campaign service fee	2,673	-	2,673
Total exchange revenue	173,182	-	173,182
Total revenues	8,839,675	(3,666,952)	5,172,723
EXPENSES			
Program services:			
Community investments in program services	3,581,475	-	3,581,475
Other program services	4,806,275	-	4,806,275
Total program services	8,387,750	-	8,387,750
Supporting services:			
General and administrative	328,552	-	328,552
Marketing and development	270,326	-	270,326
Total supporting services	598,878	-	598,878
Total expenses	8,986,628	-	8,986,628
Change in net assets	(146,953)	(3,666,952)	(3,813,905)
Net assets, beginning of year	4,819,548	5,908,126	10,727,674
Net assets, end of year	$ 4,672,595	$ 2,241,174	$ 6,913,769

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF NORTHERN UTAH
Statement of Activities
For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Public support and other revenue:			
Annual campaign contributions	$ 440,160	$ 140,435	$ 580,595
Campaign pledge losses	(25,440)	-	(25,440)
Net campaign contributions	414,720	140,435	555,155
Grants	2,743,255	752,998	3,496,253
Special events	27,009	-	27,009
Interest income	464	41,435	41,899
Net investment loss	(273,985)	-	(273,985)
In-kind contributions	75,468	-	75,468
Forgiveness of SBA loan	213,290	-	213,290
Net assets released from restrictions	4,279,945	(4,279,945)	-
Total public support and other revenue	7,480,166	(3,345,077)	4,135,089
Exchange revenue:			
Rent revenue	156,309	-	156,309
Membership fees	51,863	-	51,863
Workplace campaign service fee	4,346	-	4,346
Total exchange revenue	212,518	-	212,518
Total revenues	7,692,684	(3,345,077)	4,347,607
EXPENSES			
Program services:			
Community investments in program services	3,709,753	-	3,709,753
Other program services	3,732,951	-	3,732,951
Total program services	7,442,704	-	7,442,704
Supporting services:			
General and administrative	324,180	-	324,180
Marketing and development	314,843	-	314,843
Total supporting services	639,023	-	639,023
Total expenses	8,081,727	-	8,081,727
Change in net assets	(389,043)	(3,345,077)	(3,734,120)
Net assets, beginning of year	5,208,591	9,253,203	14,461,794
Net assets, end of year	$ 4,819,548	$ 5,908,126	$ 10,727,674

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF NORTHERN UTAH
Statement of Functional Expenses
For the Year Ended June 30, 2023

	Program Services						
	Allocation to Agencies	All Other Programs	Total	General and Administrative	Marketing and Development	Total	Total Expenses
COMMUNITY INVESTMENTS							
Grants for program services	$ 3,581,475	$ -	$ 3,581,475	$ -	$ -	$ -	$ 3,581,475
WAGES AND RELATED EXPENSES							
Salaries	-	1,364,100	1,364,100	165,739	154,703	320,442	1,684,542
Health and retirement benefits	-	207,769	207,769	36,845	20,867	57,712	265,481
Payroll taxes	-	120,304	120,304	13,978	13,602	27,580	147,884
Total wages and related	-	1,692,173	1,692,173	216,562	189,172	405,734	2,097,907
OTHER EXPENSES							
Programs and outreach	-	2,082,774	2,082,774	4,982	26,361	31,343	2,114,117
Awards and other	-	205,000	205,000	5,000	-	5,000	210,000
Travel and meals	-	149,917	149,917	22,530	3,058	25,588	175,505
Professional fees	-	100,259	100,259	33,787	900	34,687	134,946
Building	-	124,370	124,370	1,295	1,150	2,445	126,815
Equipment and software	-	87,135	87,135	7,574	7,938	15,512	102,647
Occupancy	-	75,955	75,955	7,593	11,796	19,389	95,344
Office supplies	-	40,543	40,543	10,899	8,971	19,870	60,413
Advertising and promotion	-	25,526	25,526	1,577	16,630	18,207	43,733
United Way of America dues paid	-	34,978	34,978	-	-	-	34,978
Telephone	-	17,931	17,931	1,590	2,420	4,010	21,941
Insurance	-	4,287	4,287	9,455	-	9,455	13,742
Service club dues	-	5,653	5,653	5,708	929	6,637	12,290
Postage	-	2,551	2,551	-	1,001	1,001	3,552
Bank fees	-	2,390	2,390	-	-	-	2,390
Total other expenses	-	2,959,269	2,959,269	111,990	81,154	193,144	3,152,413
NON-CASH EXPENSES							
In-kind donations	-	112,036	112,036	-	-	-	112,036
Depreciation	-	42,797	42,797	-	-	-	42,797
Total expenses by function	$ 3,581,475	$ 4,806,275	$ 8,387,750	$ 328,552	$ 270,326	$ 598,878	$ 8,986,628

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF NORTHERN UTAH
Statement of Functional Expenses
For the Year Ended June 30, 2022

	Program Services						
	Allocation to Agencies	All Other Programs	Total	General and administrative	Marketing and development	Total	Total Expenses
COMMUNITY INVESTMENTS							
Grants for program services	$ 3,709,753	$ -	$ 3,709,753	$ -	$ -	$ -	$ 3,709,753
WAGES AND RELATED							
Salaries	-	1,099,331	1,099,331	185,105	128,274	313,379	1,412,710
Health and retirement benefits	-	274,886	274,886	14,962	10,702	25,664	300,550
Payroll taxes	-	45,137	45,137	48,535	23,859	72,394	117,531
Total wages and related	-	1,419,354	1,419,354	248,602	162,835	411,437	1,830,791
OTHER EXPENSES							
Programs and outreach	-	1,459,934	1,459,934	215	13,312	13,527	1,473,461
Awards and other	-	200,000	200,000	-	-	-	200,000
Professional fees	-	55,533	55,533	30,568	93,938	124,506	180,039
Equipment and software	-	107,435	107,435	386	6,919	7,305	114,740
Travel and meals	-	102,423	102,423	8,779	3,085	11,864	114,287
Occupancy	-	72,630	72,630	7,593	11,796	19,389	92,019
Building	-	59,463	59,463	709	1,150	1,859	61,322
United Way of America dues paid	-	48,326	48,326	-	-	-	48,326
Office supplies	-	26,593	26,593	9,138	10,701	19,839	46,432
Interest and other financial	-	23,832	23,832	-	-	-	23,832
Telephone	-	16,195	16,195	1,509	2,536	4,045	20,240
Advertising and promotion	-	12,970	12,970	-	2,283	2,283	15,253
Service club dues	-	8,743	8,743	4,375	1,135	5,510	14,253
Insurance	-	3,416	3,416	5,186	-	5,186	8,602
Postage	-	4,183	4,183	-	285	285	4,468
Bank fees	-	181	181	715	1,663	2,378	2,559
Total other expenses	-	2,201,857	2,201,857	69,173	148,803	217,976	2,419,833
NON-CASH EXPENSES							
In-kind donations	-	68,148	68,148	4,115	3,205	7,320	75,468
Depreciation	-	43,592	43,592	2,290	-	2,290	45,882
Total expenses by function	$ 3,709,753	$ 3,732,951	$ 7,442,704	$ 324,180	$ 314,843	$ 639,023	$ 8,081,727

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF NORTHERN UTAH
Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (3,813,905)	(3,734,120)
Adjustments to reconcile change in net assets to		
net cash from operating activities		
Depreciation	42,797	45,882
Amortization of effective interest	-	19,832
Forgiveness of SBA loan	-	(213,290)
Bad debt expense	32,657	25,440
Realized and unrealized earnings on operating investments, net	(235,030)	273,985
Changes in operating assets and liabilities		
Pledges receivable - annual campaign	53,966	44,518
Pledges receivable - corporate	96,296	(194,444)
Government contracts and other receivables	(329,069)	219,661
Prepaid expenses	(13,723)	(824)
Accounts payable	38,139	4,537
Payroll and other accrued liabilities	1,558	(46,032)
Contract liabilities	98,422	(41,211)
Amounts donor-designated for other campaigns	(1,959,541)	2,218,300
Net cash from operating activities	(5,987,433)	(1,377,766)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of operating investments	13,751	10,228
Purchases of property and equipment	(8,000)	-
Net cash from investing activities	5,751	10,228
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on note payable	-	(54,000)
Net cash from financing activities	-	(54,000)
Change in cash and cash equivalents	(5,981,682)	(1,421,538)
Cash and cash equivalents, beginning of year	8,642,910	10,064,448
Cash and cash equivalents, end of year	$ 2,661,228	$ 8,642,910
As presented on the statement of financial position:		
Cash and cash equivalents	$ 117,887	$ 228,977
Cash and cash equivalents, restricted	2,543,341	8,413,933
	$ 2,661,228	$ 8,642,910
Supplemental information:		
Cash paid for operating leases	$ 15,154	$ -

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements
For the Years Ended June 30, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The United Way of Northern Utah (the United Way), is a Utah nonprofit corporation. Its mission is to unite people and organizations to build healthy and well-educated communities where individuals, families, and neighborhoods thrive. United Way has evolved from a fundraising organization to a critical community advocate that mobilizes local partners, including businesses, community leaders, public officials, and community residents, to expand opportunities for people to succeed. The United Way focuses on three key building blocks: a quality education that leads to a stable job, sufficient income to support oneself and/or a family through retirement, and good health. Due to changing involvement as a community advocate, the United Way also recognize a fourth strategic goal area - community leadership and engagement.

The United Way raises funds through the workplace campaign, grants, and support from individual donors. The workplace campaign is conducted year-round to support allocations and organization expenses in the subsequent year. Donors may designate their pledges to specific agencies or donate undesignated funds, which United Way then allocates to community grants and strategic partnerships.

Federal Income Tax Status

The United Way is organized as a Utah nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Sections 509(a)(1) and (3), respectively.

The United Way is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the United Way is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The United Way has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS for the year ended June 30, 2023. The United Way believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The United Way would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred. The United Way is no longer subject to tax examinations by taxing authorities for years prior to 2020.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The financial statements of the United Way have been prepared on the accrual basis of accounting and follow generally accepted accounting principles in the United States of American (U.S. GAAP) for nonprofit organizations as prescribed by the Financial Accounting Standard Board's (FASB) Accounting Codification (ASC) 958, *Not-for Profit Entities*. Net assets, revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When applicable, gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

The United Way reports contributions restricted by donors as increases in *net assets without donor restrictions* if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other Donor-restricted contributions are reported as increases in *net assets with donor restrictions*, depending on the nature of the restrictions. When a restriction expires, *net assets with donor restrictions* are reclassified to *net assets without donor restrictions* and reported in the Statements of Activities as net assets released from restrictions. However, if a restriction is fulfilled in the same fiscal year in which the contribution is received, the United Way reports the support as *net assets without donor restrictions*.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The United Way considers all cash and highly liquid financial instruments with original maturities of three months or less and which are neither held for, nor restricted by, donors for long-term purposes to be cash equivalents. As of June 30, 2023 and 2022, cash and cash equivalents consist of the following:

	2023	2022
Cash	$ 2,518,240	$ 8,537,866
Raymond James Bank deposit program	142,988	105,044
	$ 2,661,228	$ 8,642,910

Operating Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the Statement of Financial Position. Net investment return is reported in the Statement of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Pledges Receivable

Pledge contributions received (Pledges Receivable) from donors are recorded as *With or Without Donor Restrictions*, depending on the existence or nature of any donor restrictions. Pledges receivable that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in future years are discounted, if material, to the present value of their estimated future cash flows.

The discount rate determined at the initial recognition of the contribution receivable is based upon management's assessment of many factors, including when the receivable is expected to be collected, the creditworthiness of the other parties, the United Way's past collection experience and its policies concerning the enforcement of contributions receivable, expectations about possible variations in the amount or timing, or both, of the cash flows, and other factors concerning the receivable's collectability. Amortization of the discount related to the Pledge Receivable is recorded under With Donor Restrictions in the Statement of Activities.

When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable (Continued)

An allowance for uncollectible pledges receivable is provided when it is believed that receivable balances may not be collected in full. It is United Way's policy to write off receivables against the allowance when management determines the receivable will not be collected. The adequacy of the allowance at the end of each period is determined using a combination of historical loss experience and individual analysis of receivable balances each period.

Property and Equipment

The United Way capitalizes all expenditures for property and equipment in excess of $5,000, and which has a useful life greater than 2 years. Property and equipment are stated at cost less accumulated depreciation and amortization, or if acquired by gift, at estimated fair market value at the date of the gift.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the account and any resulting gain or loss is recognized. Maintenance and repairs which neither materially add to the value of the property and equipment nor appreciably prolong its life are expensed as incurred.

Depreciation of property and equipment is computed using the straight-line method based on the shorter of the estimated useful lives or lease terms of the assets as follows:

	Estimated Useful Lives
Buildings	15 - 39 years
Office equipment	3 - 10 years
Furniture and fixtures	3 - 7 years

Property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. No impairment charges were recorded during the years ended June 30, 2023 and 2022.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Prepaid rents, prepaid consulting fees, and unredeemed food vouchers are recorded as contract liabilities. Contract liabilities are recognized as revenue once the services occur.

Public Support and Revenues

Annual campaigns are conducted in the fall and spring of each year to raise support for allocation to participating agencies in the subsequent fiscal year. Campaign production for undesignated contributions and pledges received or receivable for annual campaigns are recognized as income in the current year as net assets without donor restrictions. Designated contributions and pledges are recognized as net assets with donor restrictions. Pledges are recorded on the Statement of Financial Position as *Pledges Receivable* and allowances are provided for amounts estimated to be uncollectible.

Government Contracts and Program Fees

Government grants are recognized when the related services are provided. Amounts received but unearned are included in the Statement of Financial Position as contract liabilities, when applicable.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by U.S. GAAP. Contributed goods are recorded at fair value at the date of donation. The United Way records donated professional services at the respective fair values of the services received, if applicable. During the years ended June 30, 2023 and 2022, the United Way received donated goods of $112,036 and $75,468, respectively.

Advertising Costs

The United Way uses advertising to promote its programs among the audiences it serves and to encourage contributions. The costs of advertising are expensed as incurred. Advertising costs totaled $43,733 and $15,253, respectively, for the years ended June 30, 2023 and 2022.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the United Way has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in inactive markets; inputs other than quoted market prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Accounting Pronouncements Adopted

Effective July 1, 2022, the United Way adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases* (ASC Topic 842). The United Way has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the United Way accounted for its existing operating leases as operating leases under the new guidance, without reassessing whether (a) the contract contains a lease under ASC Topic 842, (b) classification of the operating lease would be different in accordance with ASC Topic 842, or (c) the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. As a result of the adoption of this guidance, the United Way recognized on July 1, 2022 (a) a lease liability of $26,193, discounted using the risk-free borrowing rate available at adoption (3.70%), and (b) a right-of-use asset of $26,193.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for expenditure, without donor or other external restrictions limiting their use, within one year of the statement of financial position, are shown below. These balances include all Board designated amounts.

	2023	2022
Cash and cash equivalents	$ 117,887	$ 228,977
Operating investments	3,305,818	3,084,539
Pledges and accounts receivable	1,421,161	1,178,715
	$ 4,844,866	$ 4,492,231

3. INVESTMENTS

The United Way's short-term investments are classified as trading securities and are carried at their fair value based on the quoted market prices of the securities at June 30, 2023. Net realized and unrealized gains and losses on trading securities are included in net investment return (loss). For purpose of determining realized gains and losses, the cost of securities sold is based on specific identification.

The composition of trading securities that are measured at fair value are as follows:

At June 30, 2023:

	Total	Level 1	Level 2	Level 3
Operating investments				
Exchange traded products	$ 313,378	$ 313,378	$ -	$ -
Equities	1,263,118	1,263,118	-	-
Mutual funds	1,634,605	1,634,605	-	-
Fixed income	94,717	94,717	-	-
Total operating investments	3,305,818	3,305,818	-	-
Held as cash equivalents	142,988	142,988	-	-
Total assets measured at fair value	$ 3,448,806	$ 3,448,806	$ -	$ -

At June 30, 2022:

	Total	Level 1	Level 2	Level 3
Operating investments				
Exchange traded products	$ 294,899	$ 294,899	$ -	$ -
Equities	1,099,919	1,099,919	-	-
Mutual funds	1,554,239	1,554,239	-	-
Fixed income	135,482	135,482	-	-
Total operating investments	3,084,539	3,084,539	-	-
Held as cash equivalents	94,818	94,818	-	-
Total assets measured at fair value	$ 3,179,357	$ 3,179,357	$ -	$ -

3. INVESTMENTS (CONTINUED)

Net investment return consists of the following for the years ended June 30, 2023 and 2022:

	2023	2022
Operating investments		
Interest and dividends, net	$ 87,064	$ 83,055
Unrealized gain (loss), net	141,136	(365,524)
Realized gain (loss), net	6,830	8,484
Total net investment return (loss)	$ 235,030	$ (273,985)

Investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that market fluctuations in the near term could materially affect account balances and the amounts reported in the accompanying financial statements.

4. PLEDGES RECEIVABLE

Corporate pledges

During December 2021, the United Way received an award letter from a local partner, wherein this partner pledged to contribute $300,000 over a three-year period, beginning in 2022. The first two disbursements of $100,000 each were received before June 30, 2023, with the final contribution of $100,000 anticipated to be received in January 2024, and is therefore classified as current on the statement of financial position. The entire pledge is restricted by the donor for hiring staff to scale services to meet the rising demand for housing for low-to-moderate families and individuals. The third installment of the pledge receivable of $100,000 is recorded at a discount, using a rate of 8%. Management has determined no allowance is necessary for this pledge.

Corporate pledges receivable at June 30, 2023 is as follows:

Year	Undiscounted pledge	Discount	Discounted pledge
2024	$ 100,000	$ (1,852)	$ 98,148

4. PLEDGES RECEIVABLE (CONTINUED)

Annual campaign pledges

Annual campaign pledges totaling $249,925 and $307,572 for the campaign years 2023 and 2022, respectively, were made by various individuals. These pledges are anticipated to be collected within twelve months. Because annual campaign pledges can be canceled at any time by the donor, management has determined an allowance for doubtful accounts, calculated using a five-year average of pledge loss to total pledges. During 2023, a change in the methodology for the allowance for campaign years was made. In prior years, the allowance pertaining to the previous years' campaign was written off and not presented in the financial statements, even though the campaign year remained open. The allowance for both the previous and current years is now included until each campaign year is closed.

Total annual campaign pledges receivable at June 30, 2023 and 2022, are expected to be collected as follows:

	2023	2022
Annual Campaign pledges receivable	$ 249,925	$ 307,572
Allowance for uncollectible pledges	(60,461)	(31,485)
Total annual campaign pledges receivable, net	$ 189,464	$ 276,087

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2023 and 2022:

	2023	2022
Land	$ 162,539	$ 162,539
Building and improvements	1,514,941	1,514,941
Equipment	121,188	121,188
Furniture and fixtures	156,843	156,843
Construction in process	8,000	-
	1,963,511	1,955,511
Less: accumulated depreciation	(722,150)	(679,353)
Total property and equipment, net	$ 1,241,361	$ 1,276,158
Software	$ -	$ 8,246
Less: accumulated amortization	-	(8,246)
Total software, net	$ -	$ -

5. PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation and amortization expense for the years ended June 30, 2023 and 2022 was $42,797 and $45,882, respectively.

6. NOTES PAYABLE

Payroll Protection Plan (PPP) Note

During fiscal year 2021, management applied for, and obtained, a second PPP note with the Small Business Administration to cover a portion of payroll costs during the COVID-19 pandemic, in the amount of $213,290. The entire balance was forgiven during fiscal year 2022 and is recorded as debt forgiveness income on the statement of activities.

7. NET ASSETS

Net assets with donor restrictions as of June 30, 2023 and 2022 are restricted for the following purposes:

	2023	2022
Subject to expenditure for specified purpose:		
Strategic partnerships, net	$ 1,738,318	$ 5,524,374
United partnerships	241,305	196,940
Designated campaign contributions	133,316	149,618
Non-profit connection	60,578	-
Welcome Baby	42,500	19,537
FEMA grants	17,657	17,657
Finanical stability	7,500	-
Total net assets with donor restrictions	$ 2,241,174	$ 5,908,126

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose for the year ended June 30, 2023 and 2022:

	2023	2022
Satisfaction of purpose restrictions:		
Strategic partnership	$ 3,808,531	$ 3,738,758
Campaign pledges	137,083	216,809
United partnerships	115,501	194,089
Welcome Baby	19,537	130,289
	4,080,652	4,279,945
Total net assets released from restrictions	$ 4,080,652	$ 4,279,945

7. NET ASSETS (CONTINUED)

Net assets designated by the Board for specific use consist of the following at June 30, 2023 and 2022:

	2023	2022
Designated by the Board for specific purposes:		
Operating reserve	$ 1,602,157	$ 1,583,921
Quasi-endowment	1,356,617	1,318,308
Opportunity and management reserve	230,660	163,038
Long-term building reserve	161,185	184,179
Annual building reserve	80,615	56,580
Total designated by the Board for specific purposes	$ 3,431,234	$ 3,306,026

8. EMPLOYEE BENEFITS

The United Way has a 403(b) retirement plan whereby employees who have been employed for at least one year are eligible to receive up to a 10 percent employer matching contribution, within statutory limits. The United Way has the option to make discretionary contributions. During the years ended June 30, 2023 and 2022, the United Way made contributions of $75,823 and $81,327, respectively.

9. LEASES

Operating Leases

The United Way determines if an arrangement is a lease at the inception of the lease. Leases with an initial term of 12 months or less, and a total amount less than $5,000, are not recorded on the balance sheet. Right of use assets represent the United Way's right to use an underlying asset for the lease term, and lease liabilities represent the United Way's obligation to make lease payments arising from the lease. Operating lease right of use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As the United Way generally is not able to determine the rate implicit in its leases, the United Way uses the risk-free rate based on the information available at the commencement date in determining the present value of future lease payments. The operating lease right of use asset includes any prepaid lease payments and initial direct costs and excludes any lease incentives and impairments.

9. LEASES (CONTINUED)

The United Way leases office equipment under a noncancelable operating lease. The lease has a term of four years, at which time the United Way may return the equipment, purchase the equipment at fair market value, or extend the lease on a month-to-month basis. In the normal course of business, it is expected the lease will be renewed or replaced by a new lease. Long-term operating lease cost is recognized on a straight-line basis over the term of the lease, and short-term lease cost is recognized when paid. During the year 2023, the United Way incurred lease expenses of $15,154 (net of internal rent allocation). As of June 30, 2023, the weighted average remaining lease term and discount rate related to the United Way's long-term operating lease was 2.33 years and 3.70%, respectively.

Future minimum lease payments as of, and subsequent to, June 30, 2023, under ASC Topic 842 are as follows:

Year ended December 31,	
2024	$ 8,339
2025	8,339
2026	2,779
Total lease payments	19,457
Less imputed interest	(786)
Total future minimum lease payments	$ 18,671

Lessor Agreements

The United Way leases office space to tenants under noncancelable operating leases with terms of one to five years. Total lease revenue (net of internal rent allocation) for the years ended June 30, 2023 and 2022 totaled $73,115 and $67,790, respectively.

10. CONCENTRATIONS

The United Way manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the United Way has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of the United Way's mission.

11. ANNUAL CAMPAIGN AND INTERMOUNTAIN COMBINED FEDERAL CAMPAIGN (CFC)

United Way Annual Campaign

The annual fundraising campaign is conducted to raise support to invest in community program services and strategic initiatives. Each year, by the end of June, the United Way reports to the public the total estimated annual campaign funds raised. Actual results may differ from estimated amounts publicly reported, due primarily to timing differences on multi-year pledges and receipts for future campaigns. Campaign pledges include restricted designations, which the United Way is required to remit to various community agencies, as directed by the donor. These commitments are paid out during the subsequent fiscal year. Therefore, the payments made in the current year to programs and agencies are largely based on the results of the fall and spring of prior fiscal year campaigns, and are reflected as *Community Investments in Program Services* in the Statements of Activities.

If the total amount collected on restricted donor designations is less than what was originally pledged by the donor, these agencies only receive what was collected. If total designations exceed the commitment, then the agencies receive the greater amount. Any amount designated by donors to agencies in excess of the approved commitments is excluded from the amounts reported as revenues and expenses.

Intermountain Combined Federal Campaign (CFC)

In 2017, with the restructuring of the Combined Federal Campaign (the Federation) by the United States Office of Personnel Management (OPM), the multi-year CFC contract between the OPM and the United Way came to an end. The United Way continued to oversee the CFC until April 30, 2018, as a subcontractor of Kaptivate, a private business that now holds the Federal Contract. The United Way is now a member of the local Federation, which has 20 organizations that participate in the CFC within the service area of Northern Utah (Weber, Box Elder, and Morgan).

As a participating member of the Federation, the United Way agrees to be subject to CFC regulation § 950.301(e)(2)(i), wherein pledge designations made to each member organization are distributed by a proportionate share of receipts based on donor designations to each member.

12. DISAGGREGATION OF REVENUES FROM CONTRACTS WITH CUSTOMERS

The following table disaggregates the United Way's exchange revenue based on timing of satisfaction of performance obligations for the years ended June 30, 2023 and 2022:

	2023	2022
Performance obligations satisfied over time	$ 173,182	$ 212,518
Performance obligations satisfied at a point in time	-	-
	$ 173,182	$ 212,518

Revenues from performance obligations satisfied over time consists of multi-year building space leases, fees for the ongoing administration of the workplace campaign, and membership dues for contract services related to AmeriCorps and Nonprofit Connection Center resources. During the years ended June 30, 2023 and 2022, the United way did not have any revenues determined to be performance obligations satisfied at a point in time. The United Way recognizes revenues from the specified contract with the customer as the United Way satisfies their performance obligations and is entitled to the amount of consideration expected in exchange for the services performed.

13. CONTRACT BALANCES

Contract liabilities were as follows for the years ended June 30, 2023, 2022, and 2021:

	2023	2022	2021
Contract liabilities	$ 100,079	$ 1,657	$ 42,868

In prior years, substantially all the United Way's unsatisfied performance obligations relate to membership dues for contract services and prepaid rent with an original expected length of one year or less, resulting in all contract liabilities being subsequently recognized as revenue in the following year. During 2023, the United Way received grant funds which are subject to expenditure conditions. Due to these conditions, the United Way has recorded the difference between grant funds received and expenditures made, as contract liabilities. It is anticipated that all grant funds will be spent, and subsequently recognized as revenue in the following year.

14. STRATIGIC PARTNERSHIP

Local Partnership

On October 15, 2018, the United Way entered into an agreement with a local partner, wherein this partner agreed to contribute $12,000,000 over a three-year period. The goal of this partnership is to improve the well-being of award recipients, reduce healthcare costs, and be a model for change by addressing social determinants of health.

Unspent contributions will remain in *net assets with donor restrictions* until spent. The United Way will continue to disperse the monies as outlined in the criteria provided by the *Steering Committee of the Utah Alliance for the Determinants of Health*.

15. SUBSEQUENT EVENTS

The United Way has evaluated subsequent events through September 14, 2023, the date the financial statements were available to be issued.