

UNITED WAY OF NORTHERN UTAH

**FINANCIAL STATEMENTS
and
INDEPENDENT AUDITOR'S REPORT**

For the Years Ended June 30, 2025 and 2024



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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the United Way of Northern Utah (the United Way), 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 accompanying financial statements present fairly, in all material respects, the financial position of the United Way 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). 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 audits. 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

November 10, 2025
Bountiful, Utah

UNITED WAY OF NORTHERN UTAH
Statements of Financial Position
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 1,257,152	\$ 213,575
Cash and cash equivalents, restricted	278,956	1,192,089
Operating investments	2,207,917	3,380,192
Pledges receivable, net:		
Annual campaign	94,661	142,351
Previous years' annual campaign	17,532	24,444
Government contracts and other receivables	940,498	1,183,656
Prepaid expenses	78,894	52,578
Total current assets	4,875,610	6,188,885
Right of use asset	2,767	10,866
Property and equipment, net	2,019,697	1,266,611
Total assets	<u>\$ 6,898,074</u>	<u>\$ 7,466,362</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 113,182	\$ 378,870
Checks written in excess of cash balance	288,216	348,270
Payroll and other accrued liabilities	136,547	118,885
Amounts donor-designated for other campaigns	278,956	1,480,802
Lease liability, current	2,767	8,099
Contract liabilities	-	94,807
Related party note payable	-	313,000
Total current liabilities	819,668	2,742,733
Non-current liabilities		
Lease liability	-	2,767
Total liabilities	<u>819,668</u>	<u>2,745,500</u>
Net assets:		
Without donor restrictions		
Undesignated	903,917	-
Designated by the Board for specific purposes	2,247,576	2,222,242
Invested in property and equipment	2,019,697	1,266,611
	<u>5,171,190</u>	<u>3,488,853</u>
With donor restrictions:		
Purpose restrictions	<u>907,216</u>	<u>1,232,009</u>
Total net assets	<u>6,078,406</u>	<u>4,720,862</u>
Total liabilities and net assets	<u>\$ 6,898,074</u>	<u>\$ 7,466,362</u>

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, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Public support and other revenue:			
Annual campaign contributions	\$ 273,919	\$ 4,303	\$ 278,222
Campaign pledge losses	<u>(19,665)</u>	<u>-</u>	<u>(19,665)</u>
Net campaign contributions	<u>254,254</u>	<u>4,303</u>	<u>258,557</u>
Grants	5,250,718	618,881	5,869,599
Special events	255,401	-	255,401
Interest income	21,875	-	21,875
Net investment return	265,252	-	265,252
In-kind contributions	400,755	-	400,755
Debt forgiveness income	63,000	-	63,000
Miscellaneous	10,608	-	10,608
Net assets released from restrictions	<u>947,977</u>	<u>(947,977)</u>	<u>-</u>
Total public support and other revenue	<u>7,469,840</u>	<u>(324,793)</u>	<u>7,145,047</u>
Exchange revenue:			
Rent revenue	155,456	-	155,456
Membership fees	<u>16,050</u>	<u>-</u>	<u>16,050</u>
Total exchange revenue	<u>171,506</u>	<u>-</u>	<u>171,506</u>
Total revenues	<u>7,641,346</u>	<u>(324,793)</u>	<u>7,316,553</u>
EXPENSES			
Program services:			
Community investments in program services	29,230	-	29,230
Other program services	<u>5,199,849</u>	<u>-</u>	<u>5,199,849</u>
Total program services	<u>5,229,079</u>	<u>-</u>	<u>5,229,079</u>
Supporting services:			
General and administrative	400,436	-	400,436
Marketing and development	<u>329,494</u>	<u>-</u>	<u>329,494</u>
Total supporting services	<u>729,930</u>	<u>-</u>	<u>729,930</u>
Total expenses	<u>5,959,009</u>	<u>-</u>	<u>5,959,009</u>
Change in net assets	<u>1,682,337</u>	<u>(324,793)</u>	<u>1,357,544</u>
Net assets, beginning of year	<u>3,488,853</u>	<u>1,232,009</u>	<u>4,720,862</u>
Net assets, end of year	<u>\$ 5,171,190</u>	<u>\$ 907,216</u>	<u>\$ 6,078,406</u>

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, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Public support and other revenue:			
Annual campaign contributions	\$ 380,952	\$ 44,346	\$ 425,298
Campaign pledge losses	<u>(13,994)</u>	<u>-</u>	<u>(13,994)</u>
Net campaign contributions	<u>366,958</u>	<u>44,346</u>	<u>411,304</u>
Grants	3,758,549	753,508	4,512,057
Special events	238,636	-	238,636
Interest income	3,747	26,885	30,632
Net investment loss	543,350	-	543,350
In-kind contributions	280,800	-	280,800
Forgiveness of SBA loan	11,505	-	11,505
Net assets released from restrictions	<u>1,833,904</u>	<u>(1,833,904)</u>	<u>-</u>
Total public support and other revenue	<u>7,037,449</u>	<u>(1,009,165)</u>	<u>6,028,284</u>
Exchange revenue:			
Rent revenue	164,103	-	164,103
Membership fees	21,330	-	21,330
Workplace campaign service fee	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total exchange revenue	<u>195,433</u>	<u>-</u>	<u>195,433</u>
Total revenues	<u>7,232,882</u>	<u>(1,009,165)</u>	<u>6,223,717</u>
EXPENSES			
Program services:			
Community investments in program services	1,902,084	-	1,902,084
Other program services	<u>5,497,949</u>	<u>-</u>	<u>5,497,949</u>
Total program services	<u>7,400,033</u>	<u>-</u>	<u>7,400,033</u>
Supporting services:			
General and administrative	697,111	-	697,111
Marketing and development	<u>319,480</u>	<u>-</u>	<u>319,480</u>
Total supporting services	<u>1,016,591</u>	<u>-</u>	<u>1,016,591</u>
Total expenses	<u>8,416,624</u>	<u>-</u>	<u>8,416,624</u>
Change in net assets	<u>(1,183,742)</u>	<u>(1,009,165)</u>	<u>(2,192,907)</u>
Net assets, beginning of year	<u>4,672,595</u>	<u>2,241,174</u>	<u>6,913,769</u>
Net assets, end of year	<u>\$ 3,488,853</u>	<u>\$ 1,232,009</u>	<u>\$ 4,720,862</u>

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, 2025

	Program Services			Supporting Services			Total Expenses
	Allocation to Agencies	All Other Programs	Total	General and Administrative	Marketing and Development	Total	
COMMUNITY INVESTMENTS							
Grants for program services	\$ 29,230	\$ -	\$ 29,230	\$ -	\$ -	\$ -	\$ 29,230
WAGES AND RELATED EXPENSES							
Salaries and wages	-	1,826,681	1,826,681	221,943	207,164	429,107	2,255,788
Health and retirement benefits	-	210,625	210,625	37,352	21,154	58,506	269,131
Payroll taxes	-	164,142	164,142	19,072	18,558	37,630	201,772
Total wages and related expenses	-	2,201,448	2,201,448	278,367	246,876	525,243	2,726,691
OTHER EXPENSES							
Programs and outreach	-	1,910,917	1,910,917	4,571	24,186	28,757	1,939,674
Awards and other	-	2,253	2,253	3,696	-	3,696	5,949
Professional fees	-	91,620	91,620	30,875	821	31,696	123,316
Equipment and software	-	80,949	80,949	7,036	7,375	14,411	95,360
Travel and meals	-	153,643	153,643	23,089	3,134	26,223	179,866
Occupancy	-	83,065	83,065	8,304	12,900	21,204	104,269
Building	-	61,126	61,126	636	565	1,201	62,327
United Way of America dues paid	-	34,832	34,832	-	-	-	34,832
Office supplies	-	34,406	34,406	9,250	7,613	16,863	51,269
Telephone	-	37,202	37,202	3,298	5,021	8,319	45,521
Advertising and promotion	-	27,700	27,700	1,711	18,046	19,757	47,457
Service club dues	-	14,623	14,623	14,766	2,403	17,169	31,792
Insurance	-	6,726	6,726	14,837	-	14,837	21,563
Postage	-	1,410	1,410	-	554	554	1,964
Bank fees	-	3,708	3,708	-	-	-	3,708
Total other expenses	-	2,544,180	2,544,180	122,069	82,618	204,687	2,748,867
NON-CASH EXPENSES							
In-kind donations	-	400,755	400,755	-	-	-	400,755
Depreciation	-	53,466	53,466	-	-	-	53,466
Total expenses by function	\$ 29,230	\$ 5,199,849	\$ 5,229,079	\$ 400,436	\$ 329,494	\$ 729,930	\$ 5,959,009

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, 2024

	Program Services			Supporting Services			Total Expenses	
	Allocation to Agencies	All Other Programs		General and Administrative	Marketing and Development	Total		
		Programs	Total					
COMMUNITY INVESTMENTS								
Grants for program services	\$ 1,902,084	\$ -	\$ 1,902,084	\$ -	\$ -	\$ -	\$ 1,902,084	
WAGES AND RELATED EXPENSES								
Salaries and wages	-	1,714,467	1,714,467	208,309	194,438	402,747	2,117,214	
Health and retirement benefits	-	254,152	254,152	45,071	25,526	70,597	324,749	
Payroll taxes	-	148,547	148,547	17,260	16,795	34,055	182,602	
Total wages and related expenses	-	2,117,166	2,117,166	270,640	236,759	507,399	2,624,565	
OTHER EXPENSES								
Programs and outreach	-	2,242,029	2,242,029	5,363	28,377	33,740	2,275,769	
Awards and other	-	198,336	198,336	325,472	-	325,472	523,808	
Professional fees	-	42,719	42,719	14,396	383	14,779	57,498	
Equipment and software	-	97,528	97,528	8,477	8,885	17,362	114,890	
Travel and meals	-	182,106	182,106	27,367	3,715	31,082	213,188	
Occupancy	-	77,827	77,827	7,780	12,087	19,867	97,694	
Building	-	71,780	71,780	747	664	1,411	73,191	
United Way of America dues paid	-	40,169	40,169	-	-	-	40,169	
Office supplies	-	34,147	34,147	9,180	7,556	16,736	50,883	
Telephone	-	27,239	27,239	2,415	3,676	6,091	33,330	
Advertising and promotion	-	23,300	23,300	1,439	15,180	16,619	39,919	
Service club dues	-	8,952	8,952	9,039	1,471	10,510	19,462	
Insurance	-	6,708	6,708	14,796	-	14,796	21,504	
Postage	-	1,851	1,851	-	727	727	2,578	
Bank fees	-	3,884	3,884	-	-	-	3,884	
Total other expenses	-	3,058,575	3,058,575	426,471	82,721	509,192	3,567,767	
NON-CASH EXPENSES								
In-kind donations	-	280,799	280,799	-	-	-	280,799	
Depreciation	-	41,409	41,409	-	-	-	41,409	
Total expenses by function	\$ 1,902,084	\$ 5,497,949	\$ 7,400,033	\$ 697,111	\$ 319,480	\$ 1,016,591	\$ 8,416,624	

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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 1,357,544	\$ (2,192,907)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	53,466	41,409
Debt forgiveness income	(63,000)	-
Bad debt expense	19,665	13,994
Realized and unrealized earnings on operating investments, net	(265,252)	(543,350)
Changes in operating assets and liabilities		
Pledges receivable - annual campaign	34,937	8,675
Pledges receivable - corporate	-	98,148
Government contracts and other receivables	243,158	47,941
Prepaid expenses	(26,316)	(1,160)
Accounts payable	(325,742)	560,771
Payroll and other accrued liabilities	17,662	1,717
Contract liabilities	(94,807)	(5,272)
Amounts donor-designated for other campaigns	(1,201,846)	(847)
Endowment payable setup (payment)	<u>(250,000)</u>	<u>313,000</u>
Net cash from operating activities	<u>(500,531)</u>	<u>(1,657,881)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from sale of operating investments	1,994,022	468,976
Purchases of property and equipment	<u>(806,552)</u>	<u>(66,659)</u>
Net cash from investing activities	<u>630,975</u>	<u>402,317</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Change in cash and cash equivalents	130,444	(1,255,564)
Cash and cash equivalents, beginning of year	<u>1,405,664</u>	<u>2,661,228</u>
Cash and cash equivalents, end of year	<u>\$ 1,536,108</u>	<u>\$ 1,405,664</u>
As presented on the statement of financial position:		
Cash and cash equivalents	\$ 1,257,152	\$ 213,575
Cash and cash equivalents, restricted	<u>278,956</u>	<u>1,192,089</u>
	<u>\$ 1,536,108</u>	<u>\$ 1,405,664</u>
Supplemental information:		
Cash paid for operating leases	\$ 8,339	\$ 8,339

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, 2025 and 2024

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 annual campaign, grants, and support from individual donors. The annual 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.

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.

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Basis of Presentation (Continued)

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.

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, 2025 and 2024, cash and cash equivalents consist of the following:

	<u>2025</u>	<u>2024</u>
Cash	\$ 792,472	\$ 1,193,699
Cash equivalents	<u>743,636</u>	<u>211,965</u>
	<u><u>\$ 1,536,108</u></u>	<u><u>\$ 1,405,664</u></u>

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.

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

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.

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

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, 2025 and 2024.

Leases

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.

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.

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.

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 in the Statement of Financial Position as *Pledges Receivable* and allowances are provided for amounts estimated to be uncollectible.

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, 2025 and 2024, the United Way received donated goods of \$400,755 and \$280,800, respectively, as follows:

	<u>2025</u>	<u>2024</u>
Food	\$ 41,431	\$ 7,354
Supplies	<u>359,324</u>	<u>273,445</u>
Total in-kind donations	<u>\$ 400,755</u>	<u>\$ 280,799</u>

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 \$47,457 and \$39,919, respectively, for the years ended June 30, 2025 and 2024.

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.

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

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.

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.

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 1,257,152	\$ 213,575
Operating investments	2,207,917	3,380,192
Pledges and accounts receivable	1,052,691	1,350,451
	<u><u>\$ 4,517,760</u></u>	<u><u>\$ 4,944,218</u></u>

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

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, 2025. 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, 2025:

	Total	Level 1	Level 2	Level 3
Operating investments				
Exchange traded products	\$ 96,851	\$ 96,851	\$ -	\$ -
Equities	962,805	962,805	-	-
Mutual funds	1,148,261	1,148,261	-	-
Fixed income	-	-	-	-
Total operating investments	2,207,917	2,207,917	-	-
Held as cash equivalents	743,636	743,636	-	-
Total assets measured at fair value	\$ 2,951,553	\$ 2,951,553	\$ -	\$ -

At June 30, 2024:

	Total	Level 1	Level 2	Level 3
Operating investments				
Exchange traded products	\$ 105,242	\$ 105,242	\$ -	\$ -
Equities	1,554,108	1,554,108	-	-
Mutual funds	1,654,416	1,654,416	-	-
Fixed income	66,426	66,426	-	-
Total operating investments	3,380,192	3,380,192	-	-
Held as cash equivalents	211,965	211,965	-	-
Total assets measured at fair value	\$ 3,592,157	\$ 3,592,157	\$ -	\$ -

Net investment return consists of the following for the years ended June 30, 2025 and 2024:

	2025	2024
Operating investments		
Interest and dividends, net	\$ 111,176	\$ 67,605
Unrealized gain (loss), net	(274,214)	482,288
Realized gain (loss), net	428,290	(6,543)
Total net investment return (loss)	\$ 265,252	\$ 543,350

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

3. **INVESTMENTS (CONTINUED)**

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**

Annual campaign pledges

Annual campaign pledges totaling \$278,222 and \$425,298 for the campaign years 2025 and 2024, 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, 2025 and 2024, are expected to be collected as follows:

	<u>2025</u>	<u>2024</u>
Annual campaign pledges receivable	\$ 157,571	\$ 215,308
Allowance for uncollectible pledges	<u>(45,378)</u>	<u>(48,513)</u>
Total pledges receivable, net	<u>\$ 112,193</u>	<u>\$ 166,795</u>

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Land	\$ 162,539	\$ 162,539
Building and improvements	2,259,406	1,514,941
Equipment	121,188	121,188
Furniture and fixtures	293,589	156,843
Construction in process	-	74,659
	<u>2,836,722</u>	<u>2,030,170</u>
Less: accumulated depreciation	(817,025)	(763,559)
	<u>\$ 2,019,697</u>	<u>\$ 1,266,611</u>
Total property and equipment, net		

Depreciation and amortization expense for the years ended June 30, 2025 and 2024 was \$53,466 and \$41,409, respectively.

6. NOTES PAYABLE

Related Party Note Payable

During 2024, the United Way personnel discovered that \$1,426,023 of unspent and donor-designated funds were used to cover internal operating deficits. As of June 30, 2024, \$313,000 of this balance remained unpaid. Therefore, the Board authorized the establishment of a note payable to correct this issue. An expense of \$313,000 was also recorded in *general and administrative* function. Both parties agreed not to include any interest during repayment; therefore, the accrued interest payable is not recorded. During 2025, it was discovered that Administrative Fees totaling \$250,000 for the previous five years had not been properly recognized. The note was reduced by this amount. The remaining balance of \$63,000 was forgiven by the donor to fund ongoing operations. This amount is classified as debt forgiveness income on the Statement of Activities.

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

7. NET ASSETS

Net assets with donor restrictions as of June 30, 2025 and 2024 are restricted for the following purposes:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purpose:		
Designated campaign contributions	\$ 81,111	\$ 673,316
FEMA grants	17,624	16,960
Financial stability	-	7,500
Non-profit connection	274,848	43,289
Strategic partnerships	26,050	68,501
United partnerships	321,565	314,761
Welcome Baby	<u>186,018</u>	<u>107,682</u>
 Total net assets with donor restrictions	 <u>\$ 907,216</u>	 <u>\$ 1,232,009</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose for the year ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Satisfaction of purpose restrictions:		
Designated campaign contributions	\$ 606,508	\$ -
FEMA grants	636	-
Financial stability	7,500	-
Non-profit connection	45,541	-
Strategic partnerships	42,451	1,696,702
United partnerships	205,877	108,634
Welcome Baby	<u>39,464</u>	<u>28,568</u>
 Total net assets released from restrictions	 <u>\$ 947,977</u>	 <u>\$ 1,833,904</u>

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

7. NET ASSETS (CONTINUED)

Net assets designated by the Board for specific use consist of the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Designated by the Board for specific purposes:		
Operating reserve	\$ 225,897	\$ 239,792
Quasi-endowment	1,740,680	1,676,734
Opportunity and management reserve	41,568	86,116
Long-term building reserve	209,431	189,600
Annual building reserve	<u>30,000</u>	<u>30,000</u>
Total designated by the Board for specific purposes	<u>\$ 2,247,576</u>	<u>\$ 2,222,242</u>

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, 2025 and 2024, the United Way made contributions of \$64,570 and \$67,335, 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.

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.

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

9. **LEASES (CONTINUED)**

Operating Leases (Continued)

During the year 2025, the United Way incurred lease expenses of \$8,339 (net of internal rent allocation). As of June 30, 2025, the weighted average remaining lease term and discount rate related to the United Way's long-term operating lease was 0.42 years and 3.70%, respectively. The United Way did not renew the lease agreement and expects the remaining liability of \$2,779, to be paid in full in the subsequent year.

Lessor Agreements

The United Way leases office space to tenants under non-cancelable operating leases with terms of one to five years. Total lease revenue (net of internal rent allocation) for the years ended June 30, 2025 and 2024 totaled \$63,500 and \$72,147, 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.

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

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

United Way Annual Campaign (Continued)

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, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Performance obligations satisfied over time	\$ 171,506	\$ 195,433
Performance obligations satisfied at a point in time	-	-
	<u>\$ 171,506</u>	<u>\$ 195,433</u>

Revenues from performance obligations satisfied over time consists of multi-year building space leases, fees for the ongoing administration of the annual campaign, and membership dues for contract services related to AmeriCorps and Nonprofit Connection Center resources. During the years ended June 30, 2025 and 2024, 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.

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2025 and 2024

13. CONTRACT BALANCES

Contract liabilities were as follows for the years ended June 30, 2025, 2024, and 2023:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Contract liabilities	\$ -	\$ 94,807	\$ 99,074

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 2024, the United Way received grant funds which were subject to expenditure conditions. Due to these conditions, the United Way recorded the difference between the grant funds received and the expenditures made, as contract liabilities. There were no remaining contract liabilities as of June 30, 2025.

14. STRATEGIC 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 November 10, 2025, the date the financial statements were available to be issued.