

UNITED WAY OF NORTHERN UTAH

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

For the Year Ended June 30, 2021

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CERTIFIED PUBLIC ACCOUNTANTS

UNITED WAY OF NORTHERN UTAH

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COMMITTED. EXPERIENCED. TRUSTED

**CERTIFIED PUBLIC
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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 (a non-profit organization) (the United Way), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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.

ABMC, LLC

September 29, 2021

UNITED WAY OF NORTHERN UTAH
Statement of Financial Position
June 30, 2021

ASSETS

Current assets:

Cash and cash equivalents	\$ 214,944
Cash and cash equivalents, restricted	9,849,504
Operating investments	3,368,752
Pledges receivable, net:	
Annual campaign	227,204
Previous years' annual campaign	87,797
Government contracts and other receivables	1,122,289
Prepaid expenses	36,771
	14,907,261

Pledges receivable, net:

Annual campaign	31,044
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Property and equipment, net	1,322,040
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Total assets	\$ 16,260,345
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LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 123,693
Payroll and other accrued liabilities	161,642
Amounts donor-designated for other campaigns	1,222,890
Contract liabilities	42,868
Notes payable, net current portion	247,458
	1,798,551

Non-current liabilities

Total liabilities	-
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Net assets:

Without donor restrictions	
Undesignated	3,886,551
Net investment in property and equipment	1,322,040
	5,208,591

With donor restrictions:

Purpose restrictions	9,253,203
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Total net assets	14,461,794
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Total liabilities and net assets	\$ 16,260,345
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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, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Public support and other revenue:			
Annual campaign contributions	\$ 428,436	\$ 154,605	\$ 583,041
Campaign pledge losses	(6,152)	-	(6,152)
Net campaign contributions	422,284	154,605	576,889
Grants	2,795,887	329,495	3,125,382
Special events	31,969	-	31,969
Interest income	409	26,791	27,200
Net investment return	552,469	-	552,469
In-kind contributions	161,823	-	161,823
Debt forgiveness income	248,899	-	248,899
Net assets released from restrictions	2,134,459	(2,134,459)	-
Total public support and other revenue	6,348,199	(1,623,568)	4,724,631
Exchange revenue:			
Rent revenue	118,474	-	118,474
Membership fees	38,464	-	38,464
Workplace campaign service fee	7,683	-	7,683
Total exchange revenue	164,621	-	164,621
Total revenues	6,512,820	(1,623,568)	4,889,252
EXPENSES			
Program services:			
Community investments in program services	1,552,081	-	1,552,081
Other program services	3,691,311	-	3,691,311
Total program services	5,243,392	-	5,243,392
Supporting services:			
General and administrative	295,299	-	295,299
Marketing and development	266,165	-	266,165
Total supporting services	561,464	-	561,464
Total expenses	5,804,856	-	5,804,856
Changes in net assets	707,964	(1,623,568)	(915,604)
Net assets, beginning of year	4,500,627	10,876,771	15,377,398
Net assets, end of year	\$ 5,208,591	\$ 9,253,203	\$ 14,461,794

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, 2021

	Program Services		Supporting Services			Total Expenses
	Allocation to Agencies	All Other Programs	Total	General and Administrative	Marketing and Development	
<u>COMMUNITY INVESTMENTS</u>						
Grants for program services	\$ 1,552,081	\$ -	\$ 1,552,081	\$ -	\$ -	\$ 1,552,081
<u>WAGES AND RELATED EXPENSES</u>						
Salaries	\$ -	\$ 1,119,956	\$ 1,119,956	\$ 191,696	\$ 102,943	\$ 1,414,595
Health and retirement benefits	-	274,338	274,338	25,099	22,978	322,415
Payroll taxes	-	82,367	82,367	14,396	7,863	104,626
Total wages and related	-	1,476,661	1,476,661	231,191	133,784	1,841,636
<u>OTHER EXPENSES</u>						
Programs and outreach	-	1,169,498	1,169,498	82	5,824	1,175,404
Professional fees	-	191,516	191,516	29,643	96,365	317,524
Awards and other	-	228,000	228,000	-	-	228,000
Equipment and software	-	127,440	127,440	-	-	127,440
Building	-	89,062	89,062	460	1,893	91,415
United Way of America dues paid	-	48,710	48,710	-	-	48,710
Office supplies	-	31,076	31,076	8,954	7,635	47,665
Occupancy	-	32,807	32,807	7,385	7,385	47,577
Advertising and promotion	-	22,978	22,978	1,471	5,705	30,154
Travel and meals	-	20,945	20,945	2,645	972	24,562
Telephone	-	16,969	16,969	1,603	2,736	21,308
Service club dues	-	7,930	7,930	5,430	1,078	14,438
Interest and other financial	-	12,774	12,774	-	-	12,774
Postage	-	3,132	3,132	-	1,602	4,734
Insurance	-	1,951	1,951	2,182	451	4,584
Bank fees	-	994	994	1,504	-	2,498
Total other expenses	-	2,005,782	2,005,782	61,359	131,646	2,198,787
<u>NON-CASH EXPENSES</u>						
In-kind donations	-	161,823	161,823	-	-	161,823
Depreciation	-	47,045	47,045	2,749	735	50,529
	\$ 1,552,081	\$ 3,691,311	\$ 5,243,392	\$ 295,299	\$ 266,165	\$ 5,804,856

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

UNITED WAY OF NORTHERN UTAH
Statement of Cash Flows
For the Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (915,604)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	50,529
Amortization of effective interest	12,774
Forgiveness of SBA loan	(248,899)
Bad debt expense	6,152
Realized and unrealized gain on operating investments	(552,469)
Changes in operating assets and liabilities	
Pledges receivable - annual campaign	57,702
Pledges receivable - corporate	3,893,033
Account receivable - managing pledges, net	49,279
Government contracts and other receivables	88,037
Prepaid expenses	(29,722)
Accounts payable	(272,911)
Payroll and other accrued liabilities	6,095
Contract liabilities	40,491
Amounts donor-designated for other campaigns	170,455
Proceeds from SBA loan used for wages	213,290
	2,568,232
Net cash provided by operating activities	2,568,232

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of operating investments	7,169
Purchase of operating investments	(325,031)
	(317,862)
Net cash used by investing activities	(317,862)

CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on note payable	(48,000)
	(48,000)
Net cash used by investing activities	(48,000)

Increase in cash and cash equivalents	2,202,370
Cash and cash equivalents, beginning of year	7,862,078
	7,862,078
Cash and cash equivalents, end of year	\$ 10,064,448

As presented on the statement of financial position:

Cash and cash equivalents	\$ 214,944
Cash and cash equivalents, restricted	9,849,504
	\$ 10,064,448

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

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements
For the Year Ended June 30, 2021

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.

Change of Fiscal Year

During 2020, the United Way changed its fiscal year from a calendar year, ending on December 31 to a fiscal year ending on June 30. This decision was made to better align with the annual campaign season, which secures pledges receivable through May 31.

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, 2021. 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 2018.

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2021, cash and cash equivalents consist of the following:

Cash	\$ 9,969,630
Bank deposit program	<u>94,818</u>
	<u><u>\$ 10,064,448</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.

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.

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable (Continued)

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. 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 year ended June 30, 2021.

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

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 and reported 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*.

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.

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 year ended June 30, 2021, the United Way received donated goods of 161,823.

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 \$30,154 for the year ended June 30, 2021.

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.

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

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.

Change in Accounting Principle

Effective in 2019, FASB issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers. Subsequently, FASB created Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*, and Subtopic 340-40, *Other Assets and Deferred Costs— Contracts with Customers*, which requires a principle-based approach for determining revenue recognition. An entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, in accordance with the core principle by applying the following steps: 1) Identify the contract(s) with a customer; 2) Identify the performance obligations in the contract; 3) Determine the transaction price; 4) Allocate the transaction price to the performance obligations in the contract; and 5) Recognize revenue when (or as) the entity satisfies a performance obligation.

2. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position, comprise the following:

Cash and cash equivalents	\$ 214,944
Operating investments	3,368,752
Pledges and accounts receivable	<u>1,437,290</u>
	<u>\$ 5,020,986</u>

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2021

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, 2021. Net realized and unrealized gains and losses on trading securities are included in net investment return. For purpose of determining realized gains and losses, the cost of securities sold is based on specific identification.

At June 30, 2021, the composition of trading securities that are measured at fair value are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Operating investments				
Exchange traded products	\$ 396,151	\$ 396,151	\$ -	\$ -
Equities	1,063,613	1,063,613	-	-
Mutual funds	1,710,736	1,710,736	-	-
Fixed income	198,252	198,252	-	-
Total operating investments	<u>3,368,752</u>	<u>3,368,752</u>	<u>-</u>	<u>-</u>
Held as cash equivalents:	<u>94,818</u>	<u>94,818</u>	<u>-</u>	<u>-</u>
Total assets measured at fair value	<u>\$ 3,463,570</u>	<u>\$ 3,463,570</u>	<u>\$ -</u>	<u>\$ -</u>

Net investment return consists of the following for the year-ended June 30, 2021:

Operating investments	
Interest and dividends	\$ 70,231
Unrealized return, net	488,222
Realized loss, net	<u>(5,984)</u>
Total net investment return	<u>\$ 552,469</u>

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.

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2021

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2021:

Land	\$ 162,539
Building and improvements	1,514,941
Equipment	121,188
Furniture and fixtures	156,843
	1,955,511
Less: accumulated depreciation	(635,761)
 Total property and equipment, net	 \$ 1,319,750
 Software	 \$ 8,246
Less: accumulated amortization	(5,956)
 Total software, net	 \$ 2,290

Depreciation and amortization expense was \$50,529 for the year ended June 30, 2021.

5. NOTES PAYABLE

Notes payable consists of the following as of June 30, 2021:

Building Note

Non-interest-bearing note payable, due in monthly installments of \$4,000, discounted at an imputed interest rate of 3%, to January 2022, secured by the building and land.

Payroll Protection Plan (PPP) Note

Management applied for, and obtained, a second note with the Small Business Administration to cover a portion of payroll costs during the COVID-19 pandemic, in the amount of \$213,290. Although the total amount is recorded as a note payable at June 30, 2021, management anticipates the entire balance to be forgiven. If it is required to be repaid, the balance will be charged a 1% interest rate, with repayment beginning after the contractual "deferred period." Due to the unique nature of this loan, management has been treating these proceeds similar to a government grant. Therefore, the proceeds are reported in the operating section of the statement of cash flows.

	Building	PPP	Total
Undiscounted note payable balance	\$ 54,000	\$ 213,290	\$ 267,290
Less: unamortized discount at 3.00%	(19,832)	-	(19,832)
	34,168	213,290	247,458
Less: current portion	(34,168)	(213,290)	(247,458)
 Total long-term portion	 \$ -	 \$ -	 \$ -

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2021

5. NOTES PAYABLE (CONTINUED)

Future maturities of the note payable are as follows at June 30, 2021:

	Undiscounted Payment	Discount	Total
2022	\$ 54,000	\$ (19,832)	\$ 34,168

Amortization of the discount is reported in the Statement of Functional Expenses as *Interest and Other Financial Expense*.

6. NET ASSETS

Net assets with donor restrictions as of June 30, 2021 are restricted for the following purposes:

Subject to expenditure for specified purpose:

Strategic partnerships, net	\$ 8,777,253
Designated campaign contributions	225,992
Welcome Baby	124,826
United partnerships	107,475
FEMA grants	<u>17,657</u>
 Total net assets with donor restrictions	 <u><u>\$ 9,253,203</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose for the year ended June 30, 2021:

Satisfaction of purpose restrictions:

Strategic partnership	\$ 1,410,863
United partnerships	359,103
Campaign pledges	243,319
Welcome Baby	<u>121,174</u>
	<u>2,134,459</u>
 Total net assets released from restrictions	 <u><u>\$ 2,134,459</u></u>

7. 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 year ended June 30, 2021, the United Way made contributions of \$75,853.

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2021

8. LEASES

Operating Leases

The United Way leases office equipment under a noncancelable operating lease. The lease has a term of three 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.

Future minimum lease payments required under the operating lease agreement are \$837 during 2022. Total lease expense for the year ended June 30, 2021 totaled \$7,630.

Lessor Agreements

The United Way leases office space to tenants under noncancelable operating leases with terms of one to five years. Total lease revenue for the year ended June 30, 2021 totaled \$118,474.

9. 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.

10. 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 Statement of Activities for the year ended June 30, 2021.

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Year Ended June 30, 2021

11. ANNUAL CAMPAIGN AND INTERMOUNTAIN COMBINED FEDERAL CAMPAIGN (CFC) (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 Kaptive, 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 year ended June 30, 2021:

Performance obligations satisfied over time	\$	164,621
Performance obligations satisfied at a point in time		-
		\$ 164,621

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 year-ended June 30, 2021, 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 Year Ended June 30, 2021

13. CONTRACT BALANCES

Contract liabilities were as follows for the year ended June 30, 2021, and the six-month period ended June 30, 2020:

	2021	2020
Contract liabilities	\$ 42,868	\$ 2,377

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.

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.

As of June 30, 2021, the entire \$12,000,000 contribution had been received by the United Way. 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 29, 2021, the date the financial statements were available to be issued.

UNITED WAY OF NORTHERN UTAH

**SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS
AND
INDEPENDENT AUDITOR'S REPORT**

Year Ended June 30, 2021

HBME

CERTIFIED PUBLIC ACCOUNTANTS

UNITED WAY OF NORTHERN UTAH

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COMMITTED. EXPERIENCED. TRUSTED

CERTIFIED PUBLIC ACCOUNTANTS

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GARY E. MALMROSE, CPA
EDWIN L. ERICKSON, CPA
MICHAEL L. SMITH, CPA
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AARON R. HIXSON, CPA
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JEFFREY B. MILES, CPA
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Independent Auditor's Report

To the Board of Directors
United Way of Northern Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the United Way of Northern Utah (a nonprofit organization) (the United Way), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 29, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

HBMC, LLC

September 29, 2021



COMMITTED. EXPERIENCED. TRUSTED

CERTIFIED PUBLIC ACCOUNTANTS

- E. LYNN HANSEN, CPA
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- JEFFREY B. MILES, CPA
- SHAWN F. MARTIN, CPA

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH *THE UNIFORM GUIDANCE***

Independent Auditors' Report

To the Board of Directors
United Way of Northern Utah

Report on Compliance for Each Major Federal Program

We have audited the United Way of Northern Utah's (the United Way) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the United Way's major federal programs for the year ended June 30, 2021. The United Way's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the United Way's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the United Way's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the United Way's compliance.

Opinion on Each Major Federal Program

In our opinion, the United Way complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the United Way is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the United Way's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the United Way's internal control over compliance.

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

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

Purpose of This Report

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

Report on Schedule of Expenditures of Federal Awards by *the Uniform Guidance*

We have audited the financial statements of the United Way as of and for the year ended June 30, 2021, and the related notes to the financial statements. We issued our report thereon dated September 29, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

HBMC, LLC

September 29, 2021

UNITED WAY OF NORTHERN UTAH
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Agency (Pass-Through Agency)	Federal Program	CFDA Number	Award Grant Number	Expenditures		
				From Pass-Through Awards	From Direct Awards	Passed Through to Subrecipient
U.S. Department of Justice, Bureau of Justice Assistance	Project Safe Neighborhoods	16.609	2018-GP-BX-0083	\$ -	\$ 118,170	\$ -
	Total U.S. Department of Justice, Bureau of Justice Assistance			-	118,170	-
U.S. Department of Education (Boys and Girls Clubs of Weber-Davis) (YMCA of Northern Utah)	21st Century Community Learning Centers 21st Century Community Learning Centers	84.287 84.287	None None	\$ 45,000 11,250	\$ - -	\$ 45,000 11,250
	Total U.S. Department of Education			56,250	-	56,250
U.S. Department of Health and Human Services (Utah Department of Health) (Ogden School District) (Utah Department of Workforce Services)	Maternal and Child Health Program Child Care and Development Fund Child Care and Development Fund	93.110 93.575 93.575	202700744 08869J 19DWS0002	\$ 17,166 35,620 40,379	\$ - - -	\$ 17,166 35,620 40,379
	Total U.S. Department of Health and Human Services			93,165	-	93,165
Corporation for National and Community Service (Americorps) (Americorps)	Utah Department of Heritage & Arts Utah Department of Heritage & Arts	94.006 94.006	17AFHUT001 20AFHUT001	\$ 167,210 627,715	\$ - -	\$ 167,210 627,715
	Total Corporation for National and Community Service			794,925	-	794,925
U.S. Department of Homeland Security	Emergency Food and Shelter Program	97.024	854000-009	\$ -	\$ 5,158	\$ -
	Total U.S. Department of Homeland Security			-	5,158	-
	TOTAL FEDERAL AWARDS EXPENDED			\$ 944,340	\$ 123,328	\$ 1,067,668

UNITED WAY OF NORTHERN UTAH
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

1. Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the United Way of Northern Utah (the United Way) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the United Way, it is not intended to and does not present the financial position, changes in net assets or cash flows of the United Way.

2. Summary of significant accounting policies

Basis of Accounting - Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the Uniform Guidance, where certain types of expenditures are not allowable or are limited as to reimbursement.

Federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, endowments, or direct appropriations. Federal financial assistance does not include direct federal cash assistance to individuals.

Catalog of Federal Domestic Assistance – Uniform Guidance requires the Schedule to show the total expenditures for each of the United Way's federal financial assistance programs as identified in the Catalog of Federal Domestic Assistance (CFDA). The CFDA is a government-wide summary of individual federal programs. Each program included in the CFDA is assigned a five-digit program identification number (CFDA number) which is reflected in the Schedule. Federal financial assistance programs and contracts which have not been assigned a CFDA number have been identified as "None" in the CFDA Column of the Schedule.

Type A and Type B Programs - The Single Audit Act of 1984 (as amended) and the Uniform Guidance establish the levels to be used in defining Type A and Type B federal programs. Type A programs for the United Way are those programs that exceeded \$750,000 in the federal awards expended for the fiscal year ended June 30, 2021. All other programs are classified as Type B by the United Way.

Loan or Loan Guarantee Programs - No loan or loan guarantee programs were expended during, nor did any exist as of, the fiscal year ended June 30, 2021.

10% de Minimis Indirect Cost Rate - The United Way elected to use the 10% de minimis indirect cost rate for the year ended June 30, 2021.

3. Federal Insurances and Non-Cash Assistance

No federal insurance was in effect on June 30, 2021. No federal awards were expended in the form of non-cash assistance.

UNITED WAY OF NORTHERN UTAH
Schedule of Findings, Questioned Costs, and Recommendations
For the Year Ended June 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? No

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? No

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
94.006	Americorps

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

Auditee qualified as low-risk auditee? No

UNITED WAY OF NORTHERN UTAH
Schedule of Findings, Questioned Costs, and Recommendations (Continued)
For the Year Ended June 30, 2021

SECTION II - Current Year Findings, Questioned Costs, and Recommendations

No findings required to be reported were noted during the fiscal year.

SECTION III - Prior Year Findings, Questioned Costs, and Recommendations

No findings required to be reported were noted during the fiscal year.

Section IV - Other Reportable Conditions on Internal Controls Over Financial Reporting

No findings required to be reported were noted during the fiscal year.

Section V - Prior Year Other Reportable Conditions on Internal Controls Over Financial Reporting

No findings required to be reported were noted during the fiscal year.