

UNITED WAY OF NORTHERN UTAH
FINANCIAL STATEMENTS
and
INDEPENDENT AUDITOR'S REPORT

For the Years Ended June 30, 2022 and 2021

HBME

CERTIFIED PUBLIC ACCOUNTANTS

UNITED WAY OF NORTHERN UTAH

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COMMITTED. EXPERIENCED. TRUSTED

**CERTIFIED PUBLIC
ACCOUNTANTS**

E. LYNN HANSEN, CPA
CLARKE R. BRADSHAW, CPA
GARY E. MALMROSE, CPA
EDWIN L. ERICKSON, CPA
MICHAEL L. SMITH, CPA
JASON L. TANNER, CPA
ROBERT D. WOOD, CPA
AARON R. HIXSON, CPA
TED C. GARDINER, CPA
JEFFREY B. MILES, CPA
SHAWN F. MARTIN, CPA

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of the United Way of Northern Utah (the United Way), which comprise the statement of financial position as of June 30, 2022 and 2021, 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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the United Way's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the United Way's ability to continue as a going concern for a reasonable period of time.

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

HBMC, LLC

September 2, 2022

UNITED WAY OF NORTHERN UTAH
Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 228,977	\$ 214,944
Cash and cash equivalents, restricted	8,413,933	9,849,504
Operating investments	3,084,539	3,368,752
Pledges receivable, net:		
Annual campaign	263,676	227,204
Previous years' annual campaign	12,411	87,797
Corporate pledge	96,296	-
Government contracts and other receivables	902,628	1,122,289
Prepaid expenses	37,595	36,771
Total current assets	13,040,055	14,907,261
Pledges receivable, net:		
Annual campaign	-	31,044
Corporate pledge	98,148	-
Property and equipment, net	1,276,158	1,322,040
Total assets	\$ 14,414,361	\$ 16,260,345
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 128,230	\$ 123,693
Payroll and other accrued liabilities	115,610	161,642
Amounts donor-designated for other campaigns	3,441,190	1,222,890
Contract liabilities	1,657	42,868
Notes payable, net current portion	-	247,458
Total current liabilities	3,686,687	1,798,551
Non-current liabilities	-	-
Total liabilities	3,686,687	1,798,551
Net assets:		
Without donor restrictions		
Undesignated	237,364	322,991
Designated by the Board for specific purposes	3,306,026	3,563,560
Invested in property and equipment, net of related debt	1,276,158	1,322,040
	4,819,548	5,208,591
With donor restrictions:		
Purpose restrictions	5,908,126	9,253,203
Time-restricted for future periods	-	-
	5,908,126	9,253,203
Total net assets	10,727,674	14,461,794
Total liabilities and net assets	\$ 14,414,361	\$ 16,260,345

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

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

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

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

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

	Without Donor Restrictions	With Donor Restrictions	Total
<u>REVENUES</u>			
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
Forgiveness of SBA loan	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
<u>EXPENSES</u>			
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
Change 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, 2022

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

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					Total	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</u>							
Salaries	-	1,119,956	1,119,956	191,696	102,943	294,639	1,414,595
Health and retirement benefits	-	274,338	274,338	25,099	22,978	48,077	322,415
Payroll taxes	-	82,367	82,367	14,396	7,863	22,259	104,626
Total wages and related	-	1,476,661	1,476,661	231,191	133,784	364,975	1,841,636
<u>OTHER EXPENSES</u>							
Programs and outreach	-	1,169,498	1,169,498	82	5,824	5,906	1,175,404
Awards and other	-	228,000	228,000	-	-	-	228,000
Professional fees	-	191,516	191,516	29,643	96,365	126,008	317,524
Equipment and software	-	127,440	127,440	-	-	-	127,440
Travel and meals	-	20,945	20,945	2,645	972	3,617	24,562
Occupancy	-	32,807	32,807	7,385	7,385	14,770	47,577
Building	-	89,062	89,062	460	1,893	2,353	91,415
United Way of America dues paid	-	48,710	48,710	-	-	-	48,710
Office supplies	-	31,076	31,076	8,954	7,635	16,589	47,665
Interest and other financial	-	12,774	12,774	-	-	-	12,774
Telephone	-	16,969	16,969	1,603	2,736	4,339	21,308
Advertising and promotion	-	22,978	22,978	1,471	5,705	7,176	30,154
Service club dues	-	7,930	7,930	5,430	1,078	6,508	14,438
Insurance	-	1,951	1,951	2,182	451	2,633	4,584
Postage	-	3,132	3,132	-	1,602	1,602	4,734
Bank fees	-	994	994	1,504	-	1,504	2,498
Total other expenses	-	2,005,782	2,005,782	61,359	131,646	193,005	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	3,484	50,529
Total expenses by function	\$ 1,552,081	\$ 3,691,311	\$ 5,243,392	\$ 295,299	\$ 266,165	\$ 561,464	\$ 5,804,856

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, 2022 and 2021

	2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (3,734,120)	(915,604)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	45,882	50,529
Amortization of effective interest	19,832	12,774
Forgiveness of SBA loan	(213,290)	(248,899)
Bad debt expense	25,440	6,152
Realized and unrealized (gain) loss on operating investments	273,985	(552,469)
Changes in operating assets and liabilities		
Pledges receivable - annual campaign	44,518	57,702
Pledges receivable - corporate	(194,444)	3,893,033
Account receivable - managing pledges, net	-	49,279
Government contracts and other receivables	219,661	88,037
Prepaid expenses	(824)	(29,722)
Accounts payable	4,537	(272,911)
Payroll and other accrued liabilities	(46,032)	6,095
Contract liabilities	(41,211)	40,491
Amounts donor-designated for other campaigns	2,218,300	170,455
Proceeds from SBA loan used for wages	-	213,290
Net cash provided (used) by operating activities	(1,377,766)	2,568,232
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from sale of operating investments	10,228	7,169
Purchase of operating investments	-	(325,031)
Net cash provided (used) by investing activities	10,228	(317,862)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Principal payments on note payable	(54,000)	(48,000)
Net cash used by financing activities	(54,000)	(48,000)
Increase (decrease) in cash and cash equivalents	(1,421,538)	2,202,370
Cash and cash equivalents, beginning of year	10,064,448	7,862,078
Cash and cash equivalents, end of year	\$ 8,642,910	\$ 10,064,448
As presented on the statement of financial position:		
Cash and cash equivalents	\$ 228,977	\$ 214,944
Cash and cash equivalents, restricted	8,413,933	9,849,504
	\$ 8,642,910	\$ 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 Years Ended June 30, 2022 and 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.

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, 2022. 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 2019.

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

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

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

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

Use of Estimates

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

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The United Way considers all cash and highly liquid financial instruments with original maturities of three months or less and which are neither held for, nor restricted by, donors for long-term purposes to be cash equivalents. As of June 30, 2022 and 2021, cash and cash equivalents consist of the following:

	2022	2021
Cash	\$ 8,537,866	\$ 9,969,630
Bank deposit program	105,044	94,818
	\$ 8,642,910	\$ 10,064,448

Operating Investments

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

Pledges Receivable

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

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

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

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable (Continued)

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

Property and Equipment

The United Way capitalizes all expenditures for property and equipment in excess of \$5,000. 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:

	<u>Estimated Useful Lives</u>
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, 2022 and 2021.

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

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

Public Support and Revenues

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

Government Contracts and Program Fees

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

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by U.S. GAAP. Contributed goods are recorded at fair value at the date of donation. The United Way records donated professional services at the respective fair values of the services received, if applicable. During the years ended June 30, 2022 and 2021, the United Way received donated goods of \$75,468 and \$161,823, respectively.

Advertising Costs

The United Way uses advertising to promote its programs among the audiences it serves and to encourage contributions. The costs of advertising are expensed as incurred. Advertising costs totaled \$15,253 and \$30,154, respectively, for the years ended June 30, 2022 and 2021.

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

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

Fair Value Measurements

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

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

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

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

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

Reclassifications

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

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

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:

	2022	2021
Cash and cash equivalents	\$ 228,977	\$ 214,944
Operating investments	3,084,539	3,368,752
Pledges and accounts receivable	1,178,715	1,437,290
	\$ 4,492,231	\$ 5,020,986

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, 2022. 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.

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

At June 30, 2022:

	Total	Level 1	Level 2	Level 3
Operating investments				
Exchange traded products	\$ 294,899	\$ 294,899	\$ -	\$ -
Equities	1,099,919	1,099,919	-	-
Mutual funds	1,554,239	1,554,239	-	-
Fixed income	135,482	135,482	-	-
Total operating investments	3,084,539	3,084,539	-	-
Held as cash equivalents	105,044	105,044	-	-
Total assets measured at fair value	\$ 3,189,583	\$ 3,189,583	\$ -	\$ -

At June 30, 2021:

	Total	Level 1	Level 2	Level 3
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	3,368,752	3,368,752	-	-
Held as cash equivalents	94,818	94,818	-	-
Total assets measured at fair value	\$ 3,463,570	\$ 3,463,570	\$ -	\$ -

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

3. INVESTMENTS (CONTINUED)

Net investment return consists of the following for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Operating investments		
Interest and dividends	\$ 83,055	\$ 70,231
Unrealized gain (loss), net	(365,524)	488,222
Realized gain (loss), net	<u>8,484</u>	<u>(5,984)</u>
Total net investment return (loss)	<u>\$ (273,985)</u>	<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.

4. PLEDGES RECEIVABLE

During December 2021, the United Way received an award letter from a local partner, wherein this partner pledged to contribute \$300,000 over a three-year period, beginning in 2022. The first disbursement of \$100,000 was received in January 2022, the second and third contributions of \$100,000 each, are anticipated be received in January 2023 and 2024, respectively. The entire pledge is restricted by the donor for hiring staff to scale services to meet the rising demand for housing for low-to-moderate families and individuals. The third installment of the pledge receivable of \$100,000 is recorded at a discount, using a rate of 8%. Management has determined no allowance is necessary for this pledge.

In addition, annual campaign pledges totaling \$307,572 and \$380,815 for the campaign years 2022 and 2021, respectively, were made by various individuals. These pledges are anticipated to be collected within twelve months. Due to the nature of annual campaign pledges, management has determined an allowance for doubtful accounts, as described in the table below.

Pledges receivable consist of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Pledges receivable, net of discount	\$ 502,016	\$ 380,815
Allowance for uncollectible pledges	<u>(31,485)</u>	<u>(34,770)</u>
Total pledges receivable, net	<u>\$ 470,531</u>	<u>\$ 346,045</u>

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

4. PLEDGES RECEIVABLE (CONTINUED)

Pledges receivable at June 30, 2022, excluding the allowance for uncollectible pledges, are expected to be collected as follows:

<u>Year</u>	<u>Undiscounted pledge</u>	<u>Discount</u>	<u>Discounted pledge</u>
2023	407,572	(3,704)	\$ 403,868
2024	100,000	(1,852)	98,148
	<u>\$ 507,572</u>	<u>\$ (5,556)</u>	<u>\$ 502,016</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Land	\$ 162,539	\$ 162,539
Building and improvements	1,514,941	1,514,941
Equipment	121,188	121,188
Furniture and fixtures	156,843	156,843
	<u>1,955,511</u>	<u>1,955,511</u>
Less: accumulated depreciation	<u>(679,353)</u>	<u>(635,761)</u>
Total property and equipment, net	<u>\$ 1,276,158</u>	<u>\$ 1,319,750</u>
Software	\$ 8,246	\$ 8,246
Less: accumulated amortization	<u>(8,246)</u>	<u>(5,956)</u>
Total software, net	<u>\$ -</u>	<u>\$ 2,290</u>

Depreciation and amortization expense for the years ended June 30, 2022 and 2021 was \$45,882 and \$50,529, respectively.

6. NOTES PAYABLE

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. This note was paid in full as of June 30, 2022.

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

6. NOTES PAYABLE (CONTINUED)

Payroll Protection Plan (PPP) Note

During fiscal year 2021, 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, which is recorded as a note payable at June 30, 2021. The entire balance was forgiven during fiscal year 2022 and is recorded as debt forgiveness income on the statement of activities.

Notes payable consists of the following as of June 30, 2022 and 2021:

	2022	2021
Undiscounted building note	\$ -	\$ 54,000
Less: unamortized discount at 3.00%	-	(19,832)
PPP note	-	213,290
	-	247,458
Less: current portion	-	(247,458)
Total long-term portion	\$ -	\$ -

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

7. NET ASSETS

Net assets with donor restrictions as of June 30, 2022 and 2021 are restricted for the following purposes:

	2022	2021
Subject to expenditure for specified purpose:		
Strategic partnerships, net	\$ 5,524,374	\$ 8,777,253
United partnerships	196,940	107,475
Designated campaign contributions	149,618	225,992
Welcome Baby	19,537	124,826
FEMA grants	17,657	17,657
Total net assets with donor restrictions	\$ 5,908,126	\$ 9,253,203

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose for the year ended June 30, 2022 and 2021:

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

7. NET ASSETS (CONTINUED)

	<u>2022</u>	<u>2021</u>
Satisfaction of purpose restrictions:		
Strategic partnership	\$ 3,738,758	1,410,863
United partnerships	194,089	359,103
Campaign pledges	216,809	243,319
Welcome Baby	130,289	121,174
	<u>4,279,945</u>	<u>2,134,459</u>
 Total net assets released from restrictions	 <u>\$ 4,279,945</u>	 <u>\$ 2,134,459</u>

Net assets designated by the Board for specific use consist of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Designated by the Board for specific purposes:		
Quasi-endowment	\$ 1,318,308	\$ 1,500,000
Operating reserve	1,583,921	1,719,976
Opportunity and management reserve	163,038	100,000
Long-term building reserve	184,179	200,000
Annual building reserve	56,580	43,584
	<u>3,306,026</u>	<u>3,563,560</u>
 Total designated by the Board for specific purposes	 <u>\$ 3,306,026</u>	 <u>\$ 3,563,560</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, 2022 and 2021, the United Way made contributions of \$81,327 and \$75,853, respectively.

9. LEASES

Operating Leases

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.

UNITED WAY OF NORTHERN UTAH
Notes to the Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

9. LEASES (CONTINUED)

Future minimum lease payments required under the operating lease agreement are as follows:

<u>Year ended December 31,</u>	
2023	\$ 8,339
2024	8,339
2025	8,339
2026	<u>2,780</u>
Total future minimum lease payments	<u>\$ 27,797</u>

Total lease expense for the years ended June 30, 2022 and 2021 totaled \$5,504 and \$7,630, respectively.

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 years ended June 30, 2022 and 2021 totaled \$156,309 and \$118,474, 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, 2022 and 2021

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 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 years ended June 30, 2022 and 2021:

	2022	2021
Performance obligations satisfied over time	\$ 212,518	\$ 164,621
Performance obligations satisfied at a point in time	-	-
	\$ 212,518	\$ 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 years ended June 30, 2022 and 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 Years Ended June 30, 2022 and 2021

13. CONTRACT BALANCES

Contract liabilities were as follows for the years ended June 30, 2022 and 2021, and the six-month period ended June 30, 2020:

	2022	2021	2020
Contract liabilities	\$ 1,657	\$ 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.

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 2, 2022, the date the financial statements were available to be issued.