

UNITED WAY OF SOUTHEAST IDAHO, INC.

FINANCIAL STATEMENTS

MARCH 31, 2019

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2018



*Certified Public Accountants*

UNITED WAY OF SOUTHEAST IDAHO, INC.

ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED MARCH 31, 2019  
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2018

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
United Way of Southeastern Idaho, Inc.

We have audited the accompanying statement of financial position of United Way of Southeastern Idaho, Inc. (a non-profit organization), which comprise the statement of financial position as of March 31, 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Southeastern Idaho, Inc. as of March 31, 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

### *Other Information*

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, United Way of Southeastern Idaho, Inc.'s financial statements for the year ended March 31, 2018, which are presented as comparable totals with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise United Way of Southeastern Idaho, Inc.'s financial statements as a whole. The summarized comparative information is consistent, in all material respects, with the audited financial statements from which it has been derived.



Pocatello, Idaho  
September 25, 2019

**UNITED WAY OF SOUTHEASTERN IDAHO, INC**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF MARCH 31, 2019**  
**WITH COMPARATIVE TOTALS AS OF MARCH 31, 2018**

**ASSETS**

	<b>2019</b>	<b>2018</b>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 394,534	\$ 260,057
Pledges receivable, net	365,883	407,675
Prepaid expenses	770	716
Total current assets	<u>761,187</u>	<u>668,448</u>
<b>Equipment:</b>		
Equipment	6,228	6,228
Less accumulated depreciation	<u>6,228</u>	<u>6,228</u>
Total property and equipment	<u>-</u>	<u>-</u>
Total assets	<u>\$ 761,187</u>	<u>\$ 668,448</u>

**LIABILITIES AND NET ASSETS**

<b>Current liabilities:</b>		
Accounts payable	\$ 5,097	\$ 4,144
Accrued payroll payables	17,535	11,834
Allocations payable	271,886	285,974
Donor designations payable	<u>110,930</u>	<u>84,032</u>
Total current liabilities	<u>405,448</u>	<u>385,984</u>
<b>Net assets:</b>		
Without donor restrictions	261,572	157,267
With donor restrictions	<u>94,167</u>	<u>125,197</u>
Total net assets	<u>355,739</u>	<u>282,464</u>
Total liabilities and net assets	<u>\$ 761,187</u>	<u>\$ 668,448</u>

The accompanying notes are an integral part of these statements

**UNITED WAY OF SOUTHEASTERN IDAHO, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2019**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2018**

	<u>Without Donor Restriction</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2018</u>
<b>Revenues, gains and other support:</b>				
Campaign results:				
Gross campaign	\$ 379,653	\$ 267,033	\$ 646,686	\$ 913,983
Less:				
Donor designations	-	(71,416)	(71,416)	(26,332)
Provision for uncollectable campaign pledges	(12,299)	(4,099)	(16,398)	(70,757)
Net campaign results	<u>367,354</u>	<u>191,518</u>	<u>558,872</u>	<u>816,894</u>
Interest income	118	-	118	115
Bequests	145,339	-	145,339	-
Grant revenue	150,000	-	150,000	41,000
Awards, refunds and other income	1,202	-	1,202	119
Net assets released from restriction	<u>222,548</u>	<u>(222,548)</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support	<u>886,561</u>	<u>(31,030)</u>	<u>855,531</u>	<u>858,128</u>
<b>Expenses:</b>				
Allocations to agencies	470,007	-	470,007	419,877
Less: allocations funded by donor designations	<u>(71,416)</u>	<u>-</u>	<u>(71,416)</u>	<u>(26,332)</u>
Total allocations	398,591	-	398,591	393,545
Program services	277,160	-	277,160	227,278
Fundraising	58,900	-	58,900	41,898
Management and general	15,342	-	15,342	12,192
Total functional expenses	<u>749,993</u>	<u>-</u>	<u>749,993</u>	<u>674,913</u>
Other expenses:				
Bad debt expense	25,597	-	25,597	6,685
National dues	6,666	-	6,666	6,685
Total other expenses	<u>32,263</u>	<u>-</u>	<u>32,263</u>	<u>6,686</u>
Total expenses	<u>782,256</u>	<u>-</u>	<u>782,256</u>	<u>681,599</u>
<b>Change in net assets</b>	104,305	(31,030)	73,275	176,529
<b>Net assets at beginning of year</b>	<u>157,267</u>	<u>125,197</u>	<u>282,464</u>	<u>105,935</u>
<b>Net assets at end of year</b>	<u>\$ 261,572</u>	<u>\$ 94,167</u>	<u>\$ 355,739</u>	<u>\$ 282,464</u>

The accompanying notes are an integral part of these statements

UNITED WAY OF SOUTHEASTERN IDAHO, INC.  
 STATEMENT OF FUNCTIONAL EXPENSES  
 FOR THE YEAR ENDED MARCH 31, 2019  
 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2018

	Allocations and Program Services	Supporting Services		Total	2018
		Fund Raising	Management and General		
Allocations to agencies	\$ 470,007	\$ -	\$ -	\$ 470,007	\$ 393,545
Salaries	145,642	34,113	6,528	186,283	115,855
Employee benefits	18,906	4,428	847	24,181	15,752
Payroll taxes	11,156	2,604	498	14,258	9,852
Campaign expenses	-	8,679	-	8,679	9,048
Conferences/training	423	-	-	423	901
Insurance	1,464	343	65	1,872	1,861
Audit and legal	-	-	6,223	6,223	6,223
Advertising and public awareness	1,461	1,461	-	2,922	1,954
Office expense	6,604	1,542	295	8,441	4,214
Postage	876	204	39	1,119	887
Special Program expenses	66,826	-	-	66,826	89,194
Dues and subscriptions	2,020	473	91	2,584	924
Auto and travel	4,650	1,042	-	5,692	2,530
Rent	14,194	3,325	636	18,155	18,102
Telephone	2,688	630	120	3,438	3,810
Other	250	56	-	306	261
Total program expenses before depreciation	277,160	58,900	15,342	351,402	281,368
Depreciation expense	-	-	-	-	-
Total allocations and functional expenses	\$ 747,167	\$ 58,900	\$ 15,342	\$ 821,409	\$ 674,913

The accompanying notes are an integral part of these statements

**UNITED WAY OF SOUTHEASTERN IDAHO, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2019**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2018**

<b>Cash flows from operating activities:</b>	<u>2019</u>	<u>2018</u>
Change in net assets	\$ 73,275	\$ 176,529
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	\$ -	\$ -
(Increase) decrease in pledges receivable	41,792	(215,046)
(Increase) decrease in prepaid expenses	(54)	-
Increase (decrease) in allocations payable	12,810	54,005
Increase (decrease) in accounts payable	953	3,867
Increase (decrease) in accrued payables	5,701	4,030
Total adjustments	<u>61,202</u>	<u>(153,144)</u>
Net cash provided (used) by operating activities	<u>134,477</u>	<u>23,385</u>
 Net increase (decrease) in cash and cash equivalents	 134,477	 23,385
 Cash and cash equivalents, beginning of year	 <u>260,057</u>	 <u>236,672</u>
 Cash and cash equivalents, end of year	 <u>\$ 394,534</u>	 <u>\$ 260,057</u>
 <b>Supplemental disclosures:</b>		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>
Non-cash transactions	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements



UNITED WAY OF SOUTHEASTERN IDAHO, INC

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

United Way of Southeastern Idaho, Inc. (United Way) is a nonprofit corporation that was formed in 1954 to meet the community's human services needs. United Way's work impacts lives in the seven southeastern-most counties of Idaho.

Annual fund raising campaigns are mainly conducted in the fall of each year to support programs primarily in the subsequent year. Campaign contributions are used to support local health and human services programs of local partner agencies and those that United Way operates, and include corporate gifts to pay United Way's operating expenses. Donors may designate their pledges to any 501(c)(3) nonprofit that does not discriminate or promote terrorism. Community care pledges are pooled and are strategically invested in local health and human services programs.

Annual fall campaign results are reduced by pledges collected on behalf of others or pledged to a specific organization, and by a provision for uncollectible pledges. The resulting net campaign results are reflected as temporarily restricted in the accompanying statement of activities as the amounts are to be expended in the following year. Prior year campaign results are reflected as net assets released from restrictions in the current year statement of activities. Net campaign results are invested in community programs at the completion of the campaign.

Basis of Presentation

The accompanying financial statements of United Way are presented on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: those with donor restrictions and those without donor restrictions. As permitted, fund accounting is not used.

Net assets, revenues, expenses, gains, and losses of United Way are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of United Way and changes therein are reported as follows:

Net assets without donor restrictions represent the part of net assets that are not restricted by donor-imposed stipulations. Grant and contribution resources where restrictions are met within the same year as received are recorded as without donor restrictions. Other restricted resources are recorded as restricted when received and as released from restriction when spent, including when spent within the same year.

Net assets with donor restrictions represent the part of net assets whose use is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled by actions of United Way. When the stipulated time restriction ends or action is accomplished, restricted net assets are reclassified to net assets without restrictions and are reported in the statement of activities as net assets released from restrictions.

UNITED WAY OF SOUTHEASTERN IDAHO, INC

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits and all short-term unrestricted highly liquid debt instruments purchased with maturity of three months or less.

Pledges Receivable

Contributions from campaigns are recorded as revenue when United Way is notified in writing of a pledge that is, in substance, unconditional. Donor designations are recognized as a receivable and payable at the time the pledge is made to United Way.

Annual campaigns are predominantly conducted in the fall. The total results from the annual campaign are reduced by promises to give collected on behalf of others (donor designations) and by a provision for amounts promised but not paid (uncollectible promises to give).

Differences between amounts provided for uncollectible promises to give in each campaign and actual losses are an accounting adjustment in the year following the campaign.

Provision for Uncollectible Promises to Give

Campaign pledges less the allowance for uncollectible pledges are expected to be received within one year. The provision for uncollectible promises to give is an estimate based on management's evaluation of the collectability of existing promises to give. The provision is based on the prior campaign collection experience and any new market conditions.

Property and Equipment

Fixed assets owned and used in operations are included in the unrestricted fund and are recorded at cost. The Organization follows the practice of capitalizing all expenditures for equipment in excess of \$1,000. Depreciation expense is recorded by using the straight-line method over the estimated useful lives of the assets, which range from 5 to 10 years.

Functional Allocation of Expenses

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, gains, support and expenses during the reporting period. Actual results could differ from those estimates.

UNITED WAY OF SOUTHEASTERN IDAHO, INC

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Designated pledges

United Way has adopted the standard which requires that campaign contributions designated by the donor for a specific organization cannot be included in campaign revenue, nor can the payment of such contributions to the designated organization be included in expenses. Instead, United Way records cash or a receivable from the donor and a liability to the designated beneficiary.

Reclassification

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

**NOTE 2 - CONCENTRATION OF CREDIT RISK**

Financial instruments that potentially subject United Way to concentrations of credit risk consist primarily of the following:

**Pledges Receivable**

Substantially all of pledges receivable are from individuals and businesses in the Pocatello and Blackfoot areas. Concentrations of credit risk may be limited due to the large number of donors comprising United Way's donor base, however the collection of the receivables may be affected by the economy of the cities.

**Cash**

United Way maintains bank accounts at several different banks. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of March 31, 2019, there was \$316,296 in a bank account of which \$66,296 was uninsured.

**NOTE 3 - RETIREMENT PLAN**

The Corporation has adopted a salary reduction simplified employee pension plan covering all eligible employees. Employer contributions at 6% of compensation amounted to \$7,592 and \$4,581 for the years ended March 31, 2019 and 2018, respectively.

**NOTE 4 - INCOME TAXES**

United Way is a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the financial statements.

**UNITED WAY OF SOUTHEASTERN IDAHO, INC**

**NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2019**

**NOTE 5 - PLEDGES RECEIVABLE**

Pledges receivable are reported at their net realizable amounts. At yearend the pledges receivable and accumulated allowance for uncollectible pledges were as follows:

	<u>2019</u>	<u>2018</u>
Pledges receivable in less than one year	\$ 513,208	\$ 567,276
Accumulated allowance for uncollectible pledges	<u>(147,325)</u>	<u>(159,602)</u>
	<u>\$ 365,883</u>	<u>\$ 407,674</u>

The current year provision for uncollectable campaign pledges were estimated at \$16,398. During the year, \$0 was recovered from prior year uncollectables.

**NOTE 6 - DONOR RESTRICTED**

During the year, the Organization released \$222,548 in donor restricted assets. The release of restrictions were recognized when time and/or designation restrictions were met.

At yearend the donor restricted assets of \$94,167 represent donor restricted contributions to designated organizations.

**NOTE 7 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization's primary sources of income are contributions and grant revenues. A portion of that support is required to be used in accordance with the purpose restrictions imposed by the donor. Donor restricted support has historically funded 25% of annual program activities, with the remainder funded by income without donor restrictions.

Financial assets available within one year and free of donor restrictions:

Cash and cash equivalents	\$ 394,534
Unconditional Promises to give	<u>365,883</u>
	\$ 760,417
Less those unavailable for general expenditures within one year, due to:	
Donor restrictions	<u>(94,167)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 666,250</u>

**NOTE 8 - LEASE EXPENSE**

The Organization entered into a five year multi-year lease agreement for office space in July, 2015. The lease requires monthly payments of \$1,513 through July 31, 2020.

UNITED WAY OF SOUTHEASTERN IDAHO, INC

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

**NOTE 9 - CAMPAIGN RESULTS**

Net campaign results are invested in local community impact programs at the completion of the campaign. Total campaign pledges for the year were \$646,686 of which \$513,208 is uncollected at yearend. Of the amount not collected, it is estimated that \$16,398 is expected to be uncollectible. United Way had committed community care allocations in the amount of \$271,886. This amount is reflected as allocations payable in the accompanying statement of financial position. The organization also expended \$277,160 in program services as reflected in the same statement. In addition, donor designations payables totaled \$110,930.

**NOTE 10 - ADVERTISING**

The Organization uses advertising to educate the public about its programs among the community it serves. The production costs of advertising are expensed as incurred. At yearend, advertising costs totaled \$2,922.

**NOTE 11 - SUBSEQUENT EVENTS**

Management evaluated subsequent events up to September 25, 2019, the date the financial statements were available to be issued.

**NOTE 12 - OPEN TAX YEARS**

The Organization has been classified as an other-than private foundation and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. The Organization is subject to a tax on income from any unrelated business.

The Organization adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken on a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at March 31, 2019.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2016.

The Organization's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.