

UNITED WAY OF SOUTHEAST IDAHO, INC.

FINANCIAL STATEMENTS

MARCH 31, 2020

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2019



Certified Public Accountants

UNITED WAY OF SOUTHEAST IDAHO, INC.
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED MARCH 31, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2019

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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, 2020, 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, 2020, 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, 2019, 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.

A handwritten signature in cursive script that reads "Deaton & Company". The signature is written in dark ink and is positioned above the typed address and date.

Pocatello, Idaho
August 27, 2020

UNITED WAY OF SOUTHEASTERN IDAHO, INC
STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2020
WITH COMPARATIVE TOTALS AS OF MARCH 31, 2019

ASSETS

Current assets:	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 501,658	\$ 394,534
Pledges receivable, net	327,985	365,883
Prepaid expenses	684	770
Total current assets	<u>830,327</u>	<u>761,187</u>
Equipment:		
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><u>\$ 830,327</u></u>	<u><u>\$ 761,187</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 8,251	\$ 5,097
Accrued payroll payables	19,281	17,535
Allocations payable	20,000	271,886
Donor designations payable	<u>113,644</u>	<u>110,930</u>
Total current liabilities	<u>161,176</u>	<u>405,448</u>
Net assets:		
Without donor restrictions	669,151	261,572
With donor restrictions	<u>-</u>	<u>94,167</u>
Total net assets	<u>669,151</u>	<u>355,739</u>
Total liabilities and net assets	<u><u>\$ 830,327</u></u>	<u><u>\$ 761,187</u></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, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2019

	<u>Without Donor Restriction</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2019</u>
Revenues, gains and other support:				
Campaign results:				
Gross campaign	\$ 904,255	\$ 265,385	\$ 1,169,640	\$ 646,686
Less:				
Donor designations	-	(265,385)	(265,385)	(71,416)
Provision for uncollectable campaign pledges	-	-	-	(16,398)
Net campaign results	<u>904,255</u>	<u>-</u>	<u>904,255</u>	<u>558,872</u>
Interest income	119	-	119	118
Bequests	-	-	-	145,339
Grant revenue	151,100	-	151,100	150,000
Awards, refunds and other income	-	-	-	1,202
Net assets released from restriction	<u>94,167</u>	<u>(94,167)</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support	<u>1,149,641</u>	<u>(94,167)</u>	<u>1,055,474</u>	<u>855,531</u>
Expenses:				
Allocations to agencies	429,114	-	429,114	470,007
Less: allocations funded by donor designations	<u>(265,385)</u>	<u>-</u>	<u>(265,385)</u>	<u>(71,416)</u>
Total allocations	163,729	-	163,729	398,591
Program services	440,487	-	440,487	277,160
Fundraising	52,066	-	52,066	58,900
Management and general	<u>30,444</u>	<u>-</u>	<u>30,444</u>	<u>15,342</u>
Total functional expenses	<u>686,726</u>	<u>-</u>	<u>686,726</u>	<u>749,993</u>
Other expenses:				
Bad debt expense	47,746	-	47,746	25,597
National dues	7,590	-	7,590	6,666
Total other expenses	<u>55,336</u>	<u>-</u>	<u>55,336</u>	<u>32,263</u>
Total expenses	<u>742,062</u>	<u>-</u>	<u>742,062</u>	<u>782,256</u>
Change in net assets	407,579	(94,167)	313,412	73,275
Net assets at beginning of year	<u>261,572</u>	<u>94,167</u>	<u>355,739</u>	<u>282,464</u>
Net assets at end of year	<u><u>\$ 669,151</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 669,151</u></u>	<u><u>\$ 355,739</u></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, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2019

	Allocations and Program Services		Supporting Services		Total	2019
	\$		Fund Raising	Management and General		
Allocations to agencies	\$ 429,114		-	-	\$ 429,114	\$ 470,007
Salaries	220,492		25,590	12,408	258,490	186,283
Employee benefits	28,821		3,345	7,468	39,634	24,181
Payroll taxes	16,246		1,886	914	19,046	14,258
Campaign expenses	-		14,737	-	14,737	8,679
Conferences/training	8,433		979	475	9,887	423
Insurance	1,671		194	94	1,959	1,872
Audit and legal	-		-	6,727	6,727	6,223
Advertising and public awareness	2,646		456	-	3,102	2,922
Office expense	10,794		1,253	607	12,654	8,441
Postage	728		85	41	854	1,119
Special Program expenses	120,188		-	-	120,188	66,826
Dues and subscriptions	6,523		757	367	7,647	2,584
Auto and travel	3,185		370	179	3,734	5,692
Rent	17,170		1,993	966	20,129	18,155
Telephone	3,513		408	198	4,119	3,438
Other	77		13	-	90	306
Total program expenses before depreciation	440,487		52,066	30,444	522,997	351,402
Depreciation expense	-		-	-	-	-
Total allocations and functional expenses	\$ 869,601		\$ 52,066	\$ 30,444	\$ 952,111	\$ 821,409

The accompanying notes are an integral part of these statements
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UNITED WAY OF SOUTHEASTERN IDAHO, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 313,412	\$ 73,275
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	\$ -	\$ -
(Increase) decrease in pledges receivable	37,898	41,792
(Increase) decrease in prepaid expenses	86	(54)
Increase (decrease) in allocations payable	(249,172)	12,810
Increase (decrease) in accounts payable	3,154	953
Increase (decrease) in accrued payables	1,746	5,701
Total adjustments	(206,288)	61,202
Net cash provided (used) by operating activities	107,124	134,477
Net increase (decrease) in cash and cash equivalents	107,124	134,477
Cash and cash equivalents, beginning of year	394,534	260,057
Cash and cash equivalents, end of year	\$ 501,658	\$ 394,534
Supplemental disclosures:		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -
Non-cash transactions	\$ -	\$ -

The accompanying notes are an integral part of these statements

UNITED WAY OF SOUTHEASTERN IDAHO, INC

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

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, 2020

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, 2020

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 various financial institutions. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of March 31, 2020, there was \$160,533 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 \$11,996 and \$7,592 for the years ended March 31, 2020 and 2019, 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, 2020**

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>2020</u>	<u>2019</u>
Pledges receivable in less than one year	\$ 463,329	\$ 513,208
Accumulated allowance for uncollectible pledges	<u>(135,344)</u>	<u>(147,325)</u>
	<u>\$ 327,985</u>	<u>\$ 365,883</u>

The current year provision for uncollectable campaign pledges were estimated at \$47,746. During the year, \$0 was recovered from prior year uncollectables.

NOTE 6 - DONOR RESTRICTED

During the year, the Organization released \$94,167 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 \$0 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	\$ 501,658
Unconditional Promises to give	<u>327,985</u>
	\$ 829,643
Less those unavailable for general expenditures within one year, due to:	
Donor restrictions	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 829,643</u>

NOTE 8 - LEASE EXPENSE

The Organization entered into a five year multi-year lease agreement for office space in February 2020. The lease requires monthly payments of \$2,000 for the first year with annual rent adjustments on the anniversary date of the lease equivalent to the CPI Index.

UNITED WAY OF SOUTHEASTERN IDAHO, INC

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2020

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 \$1,169,640 of which \$463,329 is uncollected at yearend. Of the amount not collected, it is estimated that \$0 will not be collectible. United Way had committed community care allocations in the amount of \$316,273, of which \$20,000 was granted for the 2019-20 and \$296,273 was for 2020-21. This amount for 2019-20 is reflected as allocations payable in the accompanying statement of financial position. The organization also expended \$440,487 in program services as reflected in the same statement. In addition, donor designations payables totaled \$113,644.

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 \$3,102.

NOTE 11 - SUBSEQUENT EVENTS

Management evaluated subsequent events up to August 27, 2020, 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, 2020.

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 2017.

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