

**United
Way**



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**United Way
of Southeastern Idaho**

FINANCIAL STATEMENTS

MARCH 31, 2022

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2021

UNITED WAY OF SOUTHEAST IDAHO, INC.
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED MARCH 31, 2022
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2021

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended.

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, 2022, 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.

Basis for opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 United Way of Southeastern Idaho 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.

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.

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 United Way of Southeastern Idaho's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility

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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards, 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 United Way of Southeastern Idaho'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 United Way of Southeastern Idaho'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.

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, 2021, 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 22, 2023, on our consideration of United Way of Southeastern Idaho, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



Pocatello, Idaho
February 22, 2023

UNITED WAY OF SOUTHEASTERN IDAHO, INC
STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2022
WITH COMPARATIVE TOTALS AS OF MARCH 31, 2021

ASSETS

Current assets:	2022	2021
Cash and cash equivalents	\$ 888,967	\$ 510,351
Pledges receivable, net	496,143	451,081
Prepaid expenses	9,390	829
Total current assets	<u>1,394,500</u>	<u>962,261</u>
Equipment:		
Equipment	12,860	10,545
Less accumulated depreciation	7,911	6,661
Total property and equipment	<u>4,949</u>	<u>3,884</u>
Total assets	<u>\$ 1,399,449</u>	<u>\$ 966,145</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 38,080	\$ 60,477
Accrued payroll payables	34,077	23,414
Allocations payable	500	5,500
Donor designations payable	126,759	109,622
Total current liabilities	<u>199,416</u>	<u>199,013</u>
Net assets:		
Without donor restrictions	1,200,033	767,132
With donor restrictions	-	-
Total net assets	<u>1,200,033</u>	<u>767,132</u>
Total liabilities and net assets	<u>\$ 1,399,449</u>	<u>\$ 966,145</u>

UNITED WAY OF SOUTHEASTERN IDAHO, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2022
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2021

	<u>Without Donor Restriction</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2021</u>
Revenues, gains and other support:				
Campaign results:				
Gross campaign	\$ 785,551	\$ 123,168	\$ 908,719	\$ 1,004,102
Less:				
Donor designations	-	(123,168)	(123,168)	(141,089)
Provision for uncollectable campaign pledges	-	-	-	-
Net campaign results	<u>785,551</u>	<u>-</u>	<u>785,551</u>	<u>863,013</u>
Interest income	278	-	278	48
Service fees	5,000	-	5,000	-
Grant revenue	859,540	-	859,540	307,500
Awards, refunds and other income	<u>815</u>	<u>-</u>	<u>815</u>	<u>815</u>
Total revenues, gains, and other support	<u>1,651,184</u>	<u>-</u>	<u>1,651,184</u>	<u>1,171,376</u>
Expenses:				
Allocations to agencies	476,203	-	476,203	492,912
Less: allocations funded by donor designations	<u>(123,168)</u>	<u>-</u>	<u>(123,168)</u>	<u>(141,089)</u>
Total allocations	353,035	-	353,035	351,823
Program services	696,044	-	696,044	551,002
Fundraising	36,210	-	36,210	28,665
Management and general	72,421	-	72,421	58,098
Total functional expenses	<u>1,157,710</u>	<u>-</u>	<u>1,157,710</u>	<u>989,588</u>
Other expenses:				
Bad debt expense	48,768	-	48,768	70,732
National dues	11,805	-	11,805	13,075
Total other expenses	<u>60,573</u>	<u>-</u>	<u>60,573</u>	<u>83,807</u>
Total expenses	<u>1,218,283</u>	<u>-</u>	<u>1,218,283</u>	<u>1,073,395</u>
Change in net assets	432,901	-	432,901	97,981
Net assets at beginning of year	<u>767,132</u>	<u>-</u>	<u>767,132</u>	<u>669,151</u>
Net assets at end of year	<u>\$ 1,200,033</u>	<u>\$ -</u>	<u>\$ 1,200,033</u>	<u>\$ 767,132</u>

UNITED WAY OF SOUTHEASTERN IDAHO, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2022
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2021

	Allocations and Program Services	Supporting Services		Total	2021
		Fund Raising	Management and General		
Allocations to agencies	\$ 411,915	\$ 21,429	\$ 42,858	\$ 476,203	\$ 492,912
Salaries	311,443	16,202	32,405	360,050	272,114
Employee benefits	57,060	2,968	5,937	65,965	38,307
Payroll taxes	12,192	634	1,269	14,095	18,947
Campaign expenses	29,323	1,525	3,051	33,899	26,419
Conferences/training	6,677	347	695	7,719	4,363
Insurance	1,708	89	178	1,975	1,830
Audit and legal	-	-	-	-	6,745
Advertising and public awareness	786	41	82	909	3,435
Office expense	10,515	547	1,094	12,156	18,499
Postage	1,047	54	109	1,210	1,432
Special Program expenses	215,495	11,211	22,421	249,127	192,896
Dues and subscriptions	14,264	742	1,484	16,490	6,815
Auto and travel	2,286	119	238	2,643	841
Rent	27,841	1,448	2,897	32,186	32,675
Telephone	4,262	222	443	4,927	4,618
Other	65	3	7	75	6,628
Total program expenses before depreciation	<u>694,964</u>	<u>36,154</u>	<u>72,308</u>	<u>803,426</u>	<u>636,564</u>
Depreciation expense	<u>1,080</u>	<u>56</u>	<u>112</u>	<u>1,249</u>	<u>433</u>
Total allocations and functional expenses	<u><u>\$ 1,107,959</u></u>	<u><u>\$ 57,640</u></u>	<u><u>\$ 115,279</u></u>	<u><u>\$ 1,280,878</u></u>	<u><u>\$ 1,129,909</u></u>

UNITED WAY OF SOUTHEASTERN IDAHO, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2022
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2021

	2022	2021
Cash flows from operating activities:		
Change in net assets	\$ 432,901	\$ 97,981
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	\$ 1,249	\$ 433
(Increase) decrease in pledges receivable	(45,062)	(123,096)
(Increase) decrease in prepaid expenses	(8,561)	(145)
Increase (decrease) in allocations payable	12,137	(18,522)
Increase (decrease) in accounts payable	(22,397)	52,226
Increase (decrease) in accrued payables	10,663	4,133
Total adjustments	<u>(51,971)</u>	<u>(84,971)</u>
Net cash provided (used) by operating activities	<u>380,930</u>	<u>13,010</u>
 Cash flows from investing activities:		
Payments for property and equipment	<u>(2,315)</u>	<u>(4,317)</u>
Net cash provided by investing activities	<u>(2,315)</u>	<u>(4,317)</u>
 Cash flows from financing activities		
Net increase in cash and cash equivalents	378,615	8,693
Cash and cash equivalents, beginning of year	<u>510,351</u>	<u>501,658</u>
Cash and cash equivalents, end of year	<u>\$ 888,966</u>	<u>\$ 510,351</u>
 Supplemental disclosures:		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>
Non-cash transactions	<u>\$ -</u>	<u>\$ -</u>

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 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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pledges Receivable (Continued)

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.

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, 2022, there was \$567,189 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 \$29,996 and \$12,155 for the years ended March 31, 2022 and 2021, 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.

NOTE 5 - PLEDGES RECEIVABLE

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

	<u>2022</u>	<u>2021</u>
Pledges receivable in less than one year	\$ 567,919	\$ 599,227
donor restricted pledges receivable (net)	\$ (126,759)	\$ -
Accumulated allowance for uncollectible pledges	(71,776)	(120,774)
	<u>\$ 369,383</u>	<u>\$ 478,453</u>

The current year provision for uncollectable campaign pledges were estimated at \$71,776. During the year, \$70 was recovered from prior year uncollectible.

NOTE 6 - DONOR RESTRICTED

During the year, the Organization released \$0 in donor restricted assets. The release of restrictions were recognized when time and/or designation restrictions were met.

NOTE 6- DONOR RESTRICTED (Continued)

At year end the donor restricted assets of \$0 represent donor restricted contributions to designated organizations.

Donor designated assets are recorded as payables when pledged.

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	\$ 888,967
Promises to give	496,143
	<u>\$ 1,385,110</u>
Less those unavailable for general expenditures within one year, due to:	
Donor restrictions	<u>(126,759)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,258,350</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. January 2022 rent increased to \$2,752.

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 \$997,695 of which \$599,227 is uncollected at year end. 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 \$551,002 in program services as reflected in the same statement. In addition, donor designations payables totaled \$109,622.

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 \$909.

NOTE 11 - SUBSEQUENT EVENTS

Management evaluated subsequent events up to February 22, 2023, 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, 2022.

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 2019.

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



**INDEPENDENT AUDITOR'S 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**

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

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 United Way of Southeastern Idaho (a nonprofit organization), which comprise the statement of financial position as of March 31, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 22, 2023.

Report on Internal control over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way of Southeastern Idaho's internal control over financial reporting (internal control) as a basis for designing 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 United Way of Southeastern Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of United way of southeastern Idaho'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 entity'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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002, and 2022-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

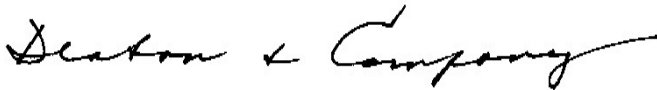
As part of obtaining reasonable assurance about whether United Way of Southeastern Idaho's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

United Way of Southeastern Idaho's response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on United Way of Southeastern Idaho's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. United Way of Southeastern Idaho's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Pocatello, Idaho
February 22, 2023

**UNITED WAY OF SOUTHEASTERN IDAHO
SCHEDULE OF FINDINGS AND RESPONSES (PAGE 1 OF 2)
MARCH 31, 2022**

Findings

2022-001 Internal control – Bank Reconciliations

Criteria and Condition: Management is responsible to ensure controls are appropriate to record and report all financial transactions accurately and on a timely basis.

Context: During the course of the audit it was discovered that bank reconciliations were not properly reviewed and approved according to the policies set forth by United Way of Southeastern Idaho. This led to several duplicate transactions remaining on the bank reconciliations. Due to the duplicate entries, the main bank account reconciliation was materially different from the ending cash balance.

Cause: The policies and procedures set forth by United Way of Southeastern Idaho regarding the timely reconciliation of bank statements were not properly followed.

Recommendation: It is recommended that the board review their policies and procedures to ensure proper controls over the reporting and recording of bank transactions are followed.

Management Response: In August of 2022, the United Way of Southeastern Idaho's Board of Directors adopted a revised Employee Handbook that included a more detailed and clear section on the organization's financial policies, as well as increase procedure and processes to how the bank reconciliations are completed each month both with the Board Treasurer and the Office Manager. Management has high confidence these updates and improvements to processes and policies ensure UWSEI has sufficient systems in place for regular and routine reconciliation to the bank records. Lastly, all duplicate entries have been cleaned up and a re-reconciliation to the entire fiscal year bank records that are in alignment with ending cash balances.

2022-002 Internal control – Expenditures

Criteria and Condition: Management is responsible to ensure controls are appropriate to provide supporting documentation for all financial transactions, and that expenses be approved by on with the appropriate authority.

Context: During the course of the audit, it was discovered that several different expenditures were lacking the appropriate supporting documentation in the form of an invoice or receipt. In addition, it was also discovered that the majority of expenditures over \$2,500 were lacking the second signature required by United Way of Southeastern Idaho's guidelines. Several expenditures were also missing the necessary check request form. Several credit card transactions listed on the credit card statements were not supported by the appropriate documentation in the form of an invoice or receipt. It was further discovered that the declaration in lieu of receipt has been over-utilized in verifying the validity of credit card expenditures.

Cause: The policies and procedures set forth by United Way of Southeastern Idaho regarding the documentation and recording of expenditures have not been properly followed.

Recommendation: It is recommended that the board review their policies and procedures to ensure proper controls over the reporting and recording of expenditures are followed.

**UNITED WAY OF SOUTHEASTERN IDAHO
SCHEDULE OF FINDINGS AND RESPONSES (PAGE 2 OF 2)
MARCH 31, 2022**

Management Response: In August of 2022, the United Way of Southeastern Idaho's Board of Directors adopted a revised Employee Handbook that included a more detailed and clear section on the organization's financial policies, as well as made procedure and processes improvements to how expenses are submitted, tracked and approved. Updates to this process include a monthly internal review of all expenditures by the Office Manager and/or COO. Management has high confidence these updates and improvements to processes and policies have already and will continue to mitigate further instances regarding expenditures.

2022-003 Internal control – Pledges Receivable

Criteria and Condition: Management is responsible to ensure controls are appropriate to record and report all financial transactions accurately and on a timely basis.

Context: In the course of the audit it was discovered that United Way of Southeastern Idaho transitioned software programs to assist in tracking of pledges. It was discovered that the reports tracking promises to give were date sensitive and needed to be printed on March 31, 2022, in order to present accurate information.

Cause: Promises to give reports were not printed as of March 31, 2022.

Recommendation: It is recommended that the board review their policies and procedures to ensure proper controls over the gathering of date sensitive pledges receivable reports.

Management Response: Through the onboarding and training process of implementing a new tracking system, Management has made notes and changes to processes to circumvent this issue from happening again. Reoccurring items are set to extract necessary data at a certain point in time. Management anticipated these types of instances during a system transfer of this nature but don't anticipate any further issues with data extraction at this point in the transition process.