



**United Way
of Central Iowa**

Financial Statements

June 30, 2024 and 2023

**United Way of Central Iowa
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Independent Auditor's Report

To the Board of Directors
United Way of Central Iowa
Des Moines, Iowa

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of United Way of Central Iowa, which comprise the statements of financial position as of June 30, 2024 and 2023, 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 United Way of Central Iowa as of June 30, 2024 and 2023, 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Central Iowa and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 United Way of Central Iowa's ability to continue as a going concern for one year after the date the financial statements were available to be 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 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 and *Government 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 Central Iowa'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Central Iowa'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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2024, on our consideration of United Way of Central Iowa'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 solely 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 effectiveness of United Way of Central Iowa's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way of Central Iowa's internal control over financial reporting and compliance.

BerganKDV, LTD.

Waterloo, Iowa
December 4, 2024

**United Way of Central Iowa
Statements of Financial Position
As of June 30, 2024 and 2023**

	2024	2023
Assets		
Cash and equivalents	\$ 4,968,202	\$ 3,187,150
Receivables		
Annual campaign	6,167,826	5,007,789
Grants	3,297,939	2,943,116
Other	54,460	993,589
Other assets	202,101	265,135
Investments	7,413,536	10,184,887
Land, building and equipment, net	2,150,290	2,171,299
Beneficial interest in community foundation fund	14,311,522	13,237,388
	\$ 38,565,876	\$ 37,990,353
 Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 962,082	\$ 759,728
Refundable advances and deferred revenue		
Polk County Early Childhood Iowa	444,165	445,943
Other	9,875	19,719
Community investments and donor choice payable	1,653,140	1,450,373
Accrued expenses	261,774	241,737
	3,331,036	2,917,500
 Net assets		
Without donor restrictions		
Designated by the governing board		
Land, building, and equipment	2,150,290	2,171,299
Endowment fund	9,973,748	9,243,060
United to Thrive transition funding	-	343,700
Undesignated	11,406,515	12,642,267
Total net assets without donor restrictions	23,530,553	24,400,326
With donor restrictions		
Restricted due to time	4,837,289	3,822,515
Restricted due to purpose	3,225,451	3,228,465
Perpetual in nature	3,641,547	3,621,547
Total net assets with donor restrictions	11,704,287	10,672,527
 Total net assets	35,234,840	35,072,853
 Total liabilities and net assets	\$ 38,565,876	\$ 37,990,353

See notes to financial statements.

**United Way of Central Iowa
Statements of Activities
Years Ended June 30, 2024 and 2023**

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Grants, and Other Support						
Current year campaign results	\$ 18,259,466	\$ 4,162,471	\$ 22,421,937	\$ 18,523,422	\$ 3,766,797	\$ 22,290,219
Future campaign pledges	-	759,274	759,274	-	-	-
Prior year's campaign results released from time restrictions	3,766,797	(3,766,797)	-	4,848,866	(4,848,866)	-
Donor designations	(4,959,544)	(105,000)	(5,064,544)	(4,976,058)	-	(4,976,058)
Undesignated campaign contributions	17,066,719	1,049,948	18,116,667	18,396,230	(1,082,069)	17,314,161
Less estimated uncollectable pledges	(664,156)	-	(664,156)	(572,732)	-	(572,732)
Net campaign contributions	16,402,563	1,049,948	17,452,511	17,823,498	(1,082,069)	16,741,429
Grants, sponsorships, and other non-campaign contributions	1,739,148	959,347	2,698,495	1,427,144	3,315,614	4,742,758
Investment return, net	540,116	-	540,116	273,920	-	273,920
Change in value of beneficial interest in community foundation fund, net	730,688	323,446	1,054,134	290,927	175,928	466,855
Service fees	442,629	-	442,629	432,334	-	432,334
Operation of Human Service Campus, net of expenses 2024 \$984,368; 2023 \$1,015,448	(394,531)	-	(394,531)	(350,912)	-	(350,912)
Employee Retention Credits	-	-	-	866,894	-	866,894
Other revenue	82,626	-	82,626	88,675	-	88,675
	19,543,239	2,332,741	21,875,980	20,852,480	2,409,473	23,261,953
Satisfaction of restrictions	1,300,981	(1,300,981)	-	1,029,259	(1,029,259)	-
Total revenues, grants, and other support	20,844,220	1,031,760	21,875,980	21,881,739	1,380,214	23,261,953
Expenses						
Program services						
Community investments						
Early childhood success	2,820,381	-	2,820,381	2,617,226	-	2,617,226
Education success	3,373,816	-	3,373,816	3,579,848	-	3,579,848
Health and well-being	3,003,065	-	3,003,065	3,425,136	-	3,425,136
Economic opportunity	3,639,753	-	3,639,753	3,439,548	-	3,439,548
Essential needs	1,525,143	-	1,525,143	1,596,545	-	1,596,545
Other	130,810	-	130,810	444,120	-	444,120
Total community investments	14,492,968	-	14,492,968	15,102,423	-	15,102,423
Community service programs	3,657,636	-	3,657,636	3,701,279	-	3,701,279
Total program services	18,150,604	-	18,150,604	18,803,702	-	18,803,702
Supporting services	3,563,389	-	3,563,389	3,667,630	-	3,667,630
Total expenses	21,713,993	-	21,713,993	22,471,332	-	22,471,332
Change in net assets	(869,773)	1,031,760	161,987	(589,593)	1,380,214	790,621
Net assets, beginning of year	24,400,326	10,672,527	35,072,853	24,989,919	9,292,313	34,282,232
Net assets, end of year	<u>\$ 23,530,553</u>	<u>\$ 11,704,287</u>	<u>\$ 35,234,840</u>	<u>\$ 24,400,326</u>	<u>\$ 10,672,527</u>	<u>\$ 35,072,853</u>

See notes to financial statements.

**United Way of Central Iowa
Statement of Functional Expenses
Year Ended June 30, 2024**

	Program Services						Supporting Services			Human Services Campus	Total Expenses
	Community Service Programs					Total Program Services	Fundraising	Organizational Administration	Total Supporting Services		
	Community Investments	United 55+	United Way 2-1-1	Volunteer Engagement	Other Community Services						
Salaries	\$ 341,172	\$ 74,356	\$ 12,373	\$ 152,679	\$ 1,676,588	\$ 2,257,168	\$ 960,757	\$ 1,242,987	\$ 2,203,744	49,589	\$ 4,510,501
Employee benefits	40,011	17,366	7,184	22,907	248,084	335,552	155,174	190,925	346,099	6,279	687,930
Total salaries and employee benefits	381,183	91,722	19,557	175,586	1,924,672	2,592,720	1,115,931	1,433,912	2,549,843	55,868	5,198,431
Community investment grants	13,120,996	-	-	-	-	13,120,996	-	-	-	-	13,120,996
Specific assistance to individuals	724,810	9,828	-	-	-	734,638	-	-	-	-	734,638
Professional fees and contract services	94,464	1,278	675,000	895	76,932	848,569	2,150	309,517	311,667	-	1,160,236
Technology fees	77,577	6,449	182	11,292	92,104	187,604	46,361	109,467	155,828	-	343,432
Marketing	11,614	14,436	-	8,342	34,292	68,684	53,168	35,630	88,798	-	157,482
Conferences, conventions, meetings	14,979	-	167	114	24,159	39,419	6,769	2,977	9,746	-	49,165
Community events & organizational meetings	5,213	1,143	20,183	23,462	151,678	201,679	39,934	19,861	59,795	-	261,474
Occupancy	11,550	4,232	-	5,219	68,326	89,327	34,921	82,063	116,984	589,889	796,200
Depreciation	-	-	-	5,077	40,660	45,737	18,789	27,763	46,552	282,675	374,964
Organization dues	249	375	-	650	29,532	30,806	9,123	7,543	16,666	-	47,472
Supplies, postage, and miscellaneous	50,333	2,484	4,212	21,544	7,537	86,110	23,803	35,124	58,927	55,936	200,973
Subtotal	14,492,968	131,947	719,301	252,181	2,449,892	18,046,289	1,350,949	2,063,857	3,414,806	984,368	22,445,463
United Way Worldwide dues	-	-	-	-	104,315	104,315	86,720	61,863	148,583	-	252,898
Total functional expenses	14,492,968	131,947	719,301	252,181	2,554,207	18,150,604	1,437,669	2,125,720	3,563,389	984,368	22,698,361
Less expenses included with revenues on the statement of activities											
Human Services Campus	-	-	-	-	-	-	-	-	-	(984,368)	(984,368)
Total expenses included in expense section on the statement of activities	<u>\$ 14,492,968</u>	<u>\$ 131,947</u>	<u>\$ 719,301</u>	<u>\$ 252,181</u>	<u>\$ 2,554,207</u>	<u>\$ 18,150,604</u>	<u>\$ 1,437,669</u>	<u>\$ 2,125,720</u>	<u>\$ 3,563,389</u>	<u>\$ -</u>	<u>\$ 21,713,993</u>

See notes to financial statements.

**United Way of Central Iowa
Statement of Functional Expenses
Year Ended June 30, 2023**

	Program Services						Supporting Services				Human Services Campus	Total Expenses
	Community Service Programs					Total Program Services	Fundraising	Organizational Administration	Total Supporting Services			
	Community Investments	United 55+	United Way 2-1-1	Volunteer Engagement	Other Community Services							
Salaries	\$ 276,935	\$ 71,884	\$ 467,362	\$ 117,894	\$ 1,829,955	\$ 2,764,030	\$ 1,014,787	\$ 1,250,417	\$ 2,265,204	48,294	\$ 5,077,528	
Employee benefits	45,919	16,452	78,481	17,629	312,656	471,137	162,906	199,626	362,532	6,375	840,044	
Total salaries and employee benefits	322,854	88,336	545,843	135,523	2,142,611	3,235,167	1,177,693	1,450,043	2,627,736	54,669	5,917,572	
Community investment grants	13,758,818	-	-	-	-	13,758,818	-	-	-	-	13,758,818	
Specific assistance to individuals	499,966	12,981	-	-	-	512,947	-	-	-	-	512,947	
Professional fees and contract services	249,993	127	47,195	18,852	16,860	333,027	4,144	292,719	296,863	-	629,890	
Technology fees	164,227	5,062	54,930	11,699	96,941	332,859	43,285	96,834	140,119	-	472,978	
Marketing	18,213	17,174	14,686	7,291	39,186	96,550	78,920	29,385	108,305	-	204,855	
Conferences, conventions, meetings	19,885	261	2,753	-	14,494	37,393	7,952	15,212	23,164	-	60,557	
Community events & organizational meetings	13,335	946	2,039	37,131	5,634	59,085	35,510	43,063	78,573	-	137,658	
Occupancy	-	4,453	10,339	4,935	72,138	91,865	34,819	84,466	119,285	606,514	817,664	
Depreciation	2,415	-	11,643	5,249	42,813	62,120	18,676	27,213	45,889	276,081	384,090	
Organization dues	1,801	350	2,574	170	33,009	37,904	7,489	6,549	14,038	-	51,942	
Supplies, postage, and miscellaneous	50,916	1,566	45,256	19,824	12,522	130,084	19,673	31,209	50,882	78,184	259,150	
Subtotal	15,102,423	131,256	737,258	240,674	2,476,208	18,687,819	1,428,161	2,076,693	3,504,854	1,015,448	23,208,121	
United Way Worldwide dues	-	-	-	-	115,883	115,883	103,873	58,903	162,776	-	278,659	
Total functional expenses	15,102,423	131,256	737,258	240,674	2,592,091	18,803,702	1,532,034	2,135,596	3,667,630	1,015,448	23,486,780	
Less expenses included with revenues on the statement of activities												
Human Services Campus	-	-	-	-	-	-	-	-	-	(1,015,448)	(1,015,448)	
Total expenses included in expense section on the statement of activities	\$ 15,102,423	\$ 131,256	\$ 737,258	\$ 240,674	\$ 2,592,091	\$ 18,803,702	\$ 1,532,034	\$ 2,135,596	\$ 3,667,630	\$ -	\$ 22,471,332	

See notes to financial statements.

**United Way of Central Iowa
Statements of Cash Flows
Years Ended June 30, 2024 and 2023**

	2024	2023
Cash Flows - Operating Activities		
Change in net assets	\$ 161,987	\$ 790,621
Adjustments to reconcile change in net assets to net cash flows - operating activities		
Depreciation	374,964	384,090
Net amortization of investment premiums (accretion of discounts)	(90,526)	(36,428)
Net realized and unrealized (gain) loss on investments	(127,119)	1,100
Change in value of beneficial interest in community foundation fund	(1,673,603)	(643,462)
Contributions made directly to community foundation fund	-	(5,125)
Contributions restricted for endowment	(20,000)	(26,072)
Changes in operating assets and liabilities		
Annual campaign receivables	(1,160,037)	1,326,000
Grants and other receivables	584,306	(3,570,560)
Other assets	63,034	(64,108)
Accounts payable	262,992	(172,967)
Refundable advances and deferred revenue	(11,622)	60,908
Community investments and donor choice payable	202,767	(248,016)
Accrued expenses	20,037	18,252
Net cash flows - operating activities	(1,412,820)	(2,185,767)
Cash Flows - Investing Activities		
Proceeds from sales and maturities of investments	7,150,653	2,350,000
Purchases of investments	(4,161,657)	(1,708,125)
Purchases of land, building and equipment	(414,594)	(210,466)
Funds received from community foundation fund appropriations	619,470	176,607
Net cash flows - investing activities	3,193,872	608,016
 Net change in cash and cash equivalents	1,781,052	(1,577,751)
 Cash and Cash Equivalents		
Beginning of year	3,187,150	4,764,901
End of year	\$ 4,968,202	\$ 3,187,150
 Supplemental Schedule of Noncash Investing and Financing Activities		
Purchase of property and equipment included in ending accounts payable	\$ -	\$ 60,638

See notes to financial statements.

United Way of Central Iowa Notes to Financial Statements

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

United Way of Central Iowa (United Way) plays a unique role by bringing together people from every part of our community - donors, volunteers, advocates, nonprofit organizations, community leaders, elected officials, and people with lived experience.

UNITED to THRIVE is the organization's strategic focus. It guides the organization as it aims to unite central Iowans to foster a thriving community - one that is equitable, engaged, and empowered.

United Way's mission statement is: "to improve lives by uniting the caring power of our community." United Way is a charitable organization, incorporated on March 21, 1918. United Way is a non-profit organization governed by a volunteer board of directors.

Description of Program Services

United Way has determined that for purposes of recording expenses in the statement of functional expenses there are community investments and community services programs. Community investments are strategic programmatic investments designed to advance initiatives that support our mission and positively impact our community. These include investments in external agencies as well as investments in United Way-led programs. Community service programs include other programmatic support.

The strategies for each of the 5 elements of a thriving community are focused on growth. Progress and impact of the interdependent strategies will be measured and tracked through multiple community metrics. All strategies and initiatives place specific emphasis on equity and reducing or eliminating barriers, so every central Iowan has the opportunity to thrive. The five elements of a thriving community are as follows:

Early Childhood Success - Our youngest central Iowans need not only access to childcare, but access to safe, reliable and affordable childcare to be healthy and ready to learn.

Education Success - Central Iowa students need not only to graduate from high school but should also have the opportunity to graduate with a plan for a successful future.

Health and Well-Being - Central Iowans need not only access to medical care, but access to quality, culturally appropriate care promoting physical and emotional well-being and improving resilience.

Economic Opportunity - Central Iowans need not only to be self-sufficient but to be financially stable and have the opportunity to build wealth for their family and future generations.

Essential Needs - Central Iowans need not only to meet their most basic needs of food and shelter, but access to quality nutritious food, and a safe place to call home.

**United Way of Central Iowa
Notes to Financial Statements**

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Program Services (Continued)

Community service programs are as follows:

United 55+ - Matches the interests of individuals 55 years and older with volunteer opportunities focused on the 5 elements of a thriving community. This program is primarily federally funded, with supplemental funding and administrative support provided by United Way.

United Way 2-1-1 - A centralized referral service for individuals needing human services assistance. The program is a 24/7 telephone helpline and website which connects individuals with agencies and organizations that can provide needed resources, support or direction.

Volunteer Engagement - Mobilizes volunteers in our community to foster a thriving community. Activities include linking prospective volunteers to strategic initiatives; developing training for volunteers; supporting business partners' efforts to reach corporate social responsibility goals; mobilizing volunteers to address emerging community needs; and coordinating volunteer crisis preparedness and response.

Other Community Services - Provides strategic leadership, tactical support and technology platforms to drive long-term community change and unite central Iowans. Priorities include developing comprehensive community impact plans using research- and evidence-based strategies; mobilizing and connecting a diverse set of individuals/organizations/partners to implement strategies; leading volunteer knowledge experts in alignment of investments and activities; obtaining, tracking and analyzing data on progress and results, and correcting course when warranted; engaging in statewide advocacy and public policy collaboration.

Also included in the Other Community Services is AFL-CIO labor costs. United Way partners with the South-Central Iowa Federation of Labor, AFL-CIO, to build relationships between United Way, the local labor council, and its members and arranging for participation with workforce training programs.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Campaign Contributions

A campaign is conducted to raise financial support for United Way activities. Pledges, generally from individuals and corporations in the Central Iowa area, are recorded in the statement of activities in the year the pledge is made.

**United Way of Central Iowa
Notes to Financial Statements**

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Campaign Contributions (Continued)

United Way collects pledges that are specifically designated to be directed to eligible agencies during the campaign. United Way honors designations made to each organization that qualifies based upon policy. United Way has no discretion as to how the donor designated pledges from the campaign are distributed; therefore, United Way does not include these contributions in its net campaign contributions total. The expenses associated with processing donor designated pledges are recovered by an assessment for both fundraising and organizational administration fees based on actual historical costs in accordance with United Way Worldwide Standards.

The estimated uncollectible pledges are generally based on historical collection rates and current economic factors applied to gross campaign results, including donor designations. Substantially all pledges are received within one year, however, estimates could fluctuate significantly based on changing economic conditions in the future.

Grants and Other Receivables

The receivables are stated at the amount management expects to collect from balances outstanding at year-end. Management has concluded that realization losses on balances outstanding at year-end will be immaterial.

Net Assets

Net assets and revenue, grants and other support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions - Net assets without donor restrictions are available for use at the discretion of United Way for general operating purposes. From time to time the board may designate a portion of these net assets for a specific purpose. For example, the board has designated a portion of net assets without donor restrictions as a quasi-endowment (an amount to be treated by management as if it were part of the donor restricted endowment) for the purpose of securing United Way's long-term financial viability.

See Note 11 for more information on the composition of the net assets without donor restrictions.

With Donor Restrictions - Net assets with donor restrictions consists of assets whose use is limited by donor-imposed time and/or purpose restrictions.

United Way reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated asset. Once the restriction has been met, the net assets are reclassified as net assets without donor restrictions.

Some net assets with donor restrictions include a stipulation that assets must be maintained in perpetuity while permitting United Way to expend a portion of the income generated by the assets in accordance with the donor-imposed provisions.

See Note 11 for more information on the composition of the net assets with donor restrictions.

**United Way of Central Iowa
Notes to Financial Statements**

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Equivalents

United Way considers all highly liquid cash (including savings and money market accounts) to be cash equivalents.

Investments

Investments include brokered certificates of deposit and U.S. treasury notes. These are carried at fair value with realized and unrealized gains and losses reflected in the statement of activities as part of investment income. For brokered certificates of deposit, given the nature of these instruments and their duration, fair value is assumed to be equivalent to cost plus interest accrued. Interest income is recorded on the accrual basis. Debt securities purchased at a discount or a premium will amortize or accrete the related discount or premium over the life of the security on a straight-line method.

Land, Building, and Equipment

Land, building, and equipment is recorded at cost, if purchased, or at fair market value, if donated. Depreciation is computed by the straight-line method over estimated useful lives of 10-40 years for building and 3-10 years for furniture and equipment. United Way follows the practice of capitalizing expenditures for the Human Services Campus in excess of \$2,500 and expenditures for all other categories in excess of \$1,000. Costs of maintenance and repairs that do not improve or extend assets lives are charged to expense.

Long-Lived Assets

United Way records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. There were no impairment losses for the years ended June 30, 2024 and 2023.

Income Taxes

United Way is a charitable organization and has been granted tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. United Way files a Form 990 tax return in the U.S. federal jurisdiction.

Contributions Received

Contributions, which are defined as unconditional transfers of cash or other assets including unconditional promises to give those items in the future, are measured at fair value on the date received and recognized as revenue. The imposition of restrictions on how a contribution is to be used does not delay recognition. However, the recognition of conditional gifts as revenue is delayed until the conditions are met.

United Way distinguishes between contributions received with donor restrictions and those without donor-imposed restrictions. Contributions with donor-imposed restrictions are reported as increases in net assets with donor restrictions unless United Way meets the donor-imposed restriction on all, or a portion of the amount contributed in the same reporting period in which the contribution was received. In those cases, the contributions are reported as increases in net assets without donor restrictions. Receipts of unconditional promises to give with payments due in future periods are reported as restricted unless it is clear that the donor intended the gift to be used to support activities in the current or in a past period. Gifts of long-lived assets received without donor-imposed restrictions are considered unrestricted.

**United Way of Central Iowa
Notes to Financial Statements**

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions Received (Continued)

A substantial number of volunteers and "loaned executives" have donated significant amounts of their time in United Way's governance oversight, community engagement, fund-raising campaigns and other activities. Since the services provided do not require specialized skills, no amounts have been recorded in the financial statements.

Revenue Recognition

United Way recognizes revenue from service fees when the services have been performed.

United Way recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

United Way followed Financial Accounting Standards Board Topic 958-605, *Revenue Recognition for Not-for-Profit Entities*, in accounting for its Employee Retention Credits (ERC). The ERC was effectively accounted for as a conditional grant. The credit claim was reflected in other receivables on the June 30, 2023 statement of financial position and was received in July 2023.

Functional Expense Allocations

The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of United Way are reported as expenses of those functional areas. A portion of general and administrative costs that benefit multiple functional areas are allocated across Program Services and Supporting Services using a basis that results in a ratable distribution.

The expense lines for technology fees, depreciation, and supplies, postage, and miscellaneous, contain balances that are allocated based on the number of full-time equivalent staff. Occupancy expenses are allocated based on square footage of office space occupied by department, and phone expenses are allocated based on the number of phone lines per department. United Way Worldwide dues are allocated based on staff's involvement and the potential benefit from United Way Worldwide's technical assistance.

Subsequent Events

Management of United Way has evaluated subsequent events through December 4, 2024, the date the financial statements were available to be issued.

**United Way of Central Iowa
Notes to Financial Statements**

NOTE 2 - LIQUIDITY AND AVAILABILITY

United Way's financial assets available for general expenditure within one year of the statement of financial position date are as follows as of June 30, 2024 and 2023:

	2024	2023
Cash and cash equivalents	\$ 4,968,202	\$ 3,187,150
Receivables		
Annual campaign	6,167,826	5,007,789
Grants	3,297,939	2,943,116
Other	54,460	993,589
Investments	7,413,536	10,184,887
Beneficial interest in community foundation fund	14,311,522	13,237,388
Total	36,213,485	35,553,919
Less		
Amounts unavailable for general expenditures within one year, due to		
Restricted by donors with purpose restrictions	3,225,451	3,228,465
Less amounts to be appropriated	(212,107)	(192,434)
Subject to donor restricted endowment	3,641,547	3,621,547
Amounts unavailable without board approval		
Quasi-endowment fund, primarily for long-term investing	9,973,748	9,243,060
Less amounts to be appropriated	(471,704)	(429,742)
Total	16,156,935	15,470,896
Total financial assets available for general expenditures within one year	\$ 20,056,550	\$ 20,083,023

To meet its commitments, obligations, and contingencies within one year of the statement of financial position date, United Way has financial assets totaling \$20,056,550 and \$20,083,023 as of June 30, 2024 and 2023, respectively. These assets allow the organization to focus on its UNITED to THRIVE strategic priority, while providing flexibility for new initiatives. This balance includes total cash and investments of \$12,381,738 and \$13,372,037 for the same dates. United Way's investment policy prioritizes maintaining sufficient liquidity to meet cash needs, with a portion of invested assets held in liquid, short-term securities to minimize risk to principal and interest. Receivables primarily consist of amounts expected to be collected from the annual campaign and grants. Additionally, the organization holds \$9,973,748 and \$9,243,060 as of June 30, 2024 and 2023, respectively. These assets are held in a board-designated quasi-endowment at the Community Foundation. United Way anticipates withdrawing funds from this quasi-endowment in fiscal 2025.

**United Way of Central Iowa
Notes to Financial Statements**

NOTE 2 - LIQUIDITY AND AVAILABILITY (CONTINUED)

In addition, United Way uses a fund's guideline balance as a snapshot of current liquidity for the upcoming year. The fund's guideline is based on United Way's undesignated net asset balance and its target range is three to six months of budgeted spending including program funding and the costs of operating and maintaining United Way.

NOTE 3 - INVESTMENTS

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable, either directly or indirectly through corroboration, for substantially the full term of the financial instrument.
- Level 3: Inputs are unobservable inputs based on United Way's own assumptions used to measure assets and liabilities at fair value.

United Way's investments consist of the following as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Brokered certificates of deposit (level 2)	\$ 3,185,000	\$ 2,205,000
U.S. treasury notes (level 2)	<u>4,228,536</u>	<u>7,979,887</u>
	<u>\$ 7,413,536</u>	<u>\$ 10,184,887</u>

United Way invests in various investment securities. Investment securities 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 changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment balance. For liquidity purposes, all of United Way's investment holdings are due to mature within a three-year period.

**United Way of Central Iowa
Notes to Financial Statements**

NOTE 4 - LAND, BUILDING, AND EQUIPMENT

Land, building, and equipment consists of the following as of June 30, 2024 and 2023:

	2024	2023
Land	\$ 98,275	\$ 98,275
Human Service Campus building	8,489,609	8,112,705
Furniture and equipment	1,283,498	1,318,465
Projects in progress	60,638	138,098
Total	9,932,020	9,667,543
Less accumulated depreciation		
Human Service Campus building	6,673,777	6,402,262
Furniture and equipment	1,107,953	1,093,982
Total	7,781,730	7,496,244
Land, building, and equipment, net	\$ 2,150,290	\$ 2,171,299

NOTE 5 - BENEFICIAL INTEREST IN COMMUNITY FOUNDATION FUND

United Way records a beneficial interest in the United Way of Central Iowa Endowment Fund, United Way of Central Iowa Endow Iowa Fund, and United Way of Central Iowa Endow Iowa Maureen Tiffany Education Fund (collectively referred to as the Fund) held by the Community Foundation of Greater Des Moines.

The Fund was originally formed by the merger of the United Way Foundation of Central Iowa and the Greater Des Moines Community Foundation. Subsequent to the merger, contributions and bequests have been added to the Fund's balance. Under the governing agreement, United Way can recommend distributions of income from the principal of the Fund, but no more frequently than quarterly. These distributions are limited to 5% of the prior December 31st balance. In cases where the Community Foundation of Greater Des Moines reviews activities and determines a charity is not fulfilling the functions and purposes specified by United Way, the Community Foundation of Greater Des Moines Board has the ability to determine that compliance with the designations is impractical or impossible and thereby may decide not to honor such recommendations. The agreement does not allow the Community Foundation of Greater Des Moines the ability to redirect the designation to a beneficiary of its choice.

The Community Foundation of Greater Des Moines invests in various investment securities. Investment securities 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 changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment balance held at the Foundation.

**United Way of Central Iowa
Notes to Financial Statements**

NOTE 5 - BENEFICIAL INTEREST IN COMMUNITY FOUNDATION FUND (CONTINUED)

The beneficial interest in community foundation fund is measured using level 3 inputs and is valued at estimated pro rata share of the Foundation's investment pool. All items of income and expense are recorded on the statement of activities in change in value of beneficial interest in community foundation fund. The activity of the beneficial interest for the years ended June 30, 2024 and 2023 are as follows:

	2024	2023
Balance, beginning of year	\$ 13,237,389	\$ 12,739,337
Contributions	20,000	31,197
Investment returns, net	1,673,603	1,160,674
Appropriations	(619,470)	(693,819)
Balance, end of year	\$ 14,311,522	\$ 13,237,389

NOTE 6 - HUMAN SERVICE CAMPUS OPERATIONS

Summarized operating results for the years ended June 30, 2024 and 2023 of the Human Service Campus are:

	2024	2023
Revenue		
Occupancy cost reimbursements - third parties	\$ 409,233	\$ 484,178
Occupancy cost reimbursements - United Way	179,912	179,912
Interest and miscellaneous income	692	446
	589,837	664,536
Expenses		
Salaries and employee benefits	55,868	54,669
Security and insurance	148,013	104,365
Janitorial	137,899	146,587
Utilities	146,574	158,456
Supplies	151	138
Repairs and maintenance	157,403	197,106
Communications and other expenses	55,785	77,946
Depreciation	282,675	276,081
Miscellaneous	-	100
	984,368	1,015,448
Net expenses over revenue	\$ (394,531)	\$ (350,912)

**United Way of Central Iowa
Notes to Financial Statements**

NOTE 6 - HUMAN SERVICE CAMPUS OPERATIONS (CONTINUED)

United Way has a property management agreement with a company that collects occupancy payments and makes expenditures relating to the Human Service Campus in exchange for a monthly fee. United Way may have future obligations for Human Service Campus repair or replacement expenditures and monitors its net assets without donor restrictions to make sure the balances are sufficient to meet these needs.

United Way owns the Human Service Campus building and shares occupancy of the building with other qualified charitable organizations. Occupancy costs to be reimbursed to United Way under occupancy agreements as of June 30, 2024 are as follows:

Year Ending June 30,	
2025	\$ 305,796
2026	138,572
	<hr/>
	\$ 444,368
	<hr/> <hr/>

NOTE 7 - EMPLOYEE BENEFIT PLANS

United Way sponsors two employee benefit programs in which some other agencies participate.

United Way contributed to the United Way of Central Iowa Retirement Plan which was a multiemployer defined benefit pension plan.

Pension Plan (Defined Benefit Retirement Plan)

On September 22, 2021, the United Way board of directors (as plan sponsor) voted to terminate the plan effective December 31, 2021, in accordance with a standard termination under PBGC rules. The Plan provided an opportunity for terminated participants to elect a lump sum payout opportunity and provided participants with information packets to assist in the decision-making process. Also, as part of the plan termination, participants not currently receiving benefit payments were offered a payment window to elect a lump sum payment or a monthly benefit, paid through the annuity contract. The plan applied to the Internal Revenue Service (IRS) for termination and received approval on April 28, 2023. In June 2023, following IRS approval, all steps necessary to complete plan liquidation were identified and commenced, and the plan was liquidated on November 30, 2023.

401(k) Plan (Defined Contribution Retirement Plan)

The defined contribution plan generally covers all participants of United Way, plus other participating agencies. Participating employees agree to contribute a percentage of their compensation through a salary reduction, generally, if they have attained the age of 21 and have completed one full year of employment in which 1,000 hours are worked. There is no minimum or maximum deferral percentage.

United Way matches up to 4% of each eligible participant's salary contribution. Total expense relating to the employer's contribution to the 401(k) plan was \$105,385 and \$135,881 for the years ended June 30, 2024 and 2023, respectively.

**United Way of Central Iowa
Notes to Financial Statements**

NOTE 8 - POLK COUNTY EARLY CHILDHOOD IOWA

United Way acts as a fiscal agent for the Polk County Early Childhood Iowa (PCECI), an Early Childhood Iowa area created by Polk County pursuant to the provisions of Chapter 256I.5 of the Code of Iowa. Financial transactions of this entity are included in these financial statements as an agency fund because of their fiduciary relationship with PCECI.

The following financial data is for the years ended June 30, 2024 and 2023:

	2024			2023		
	Early Childhood Program	School Ready Children Services	Total	Early Childhood Program	School Ready Children Services	Total
Additions						
State of Iowa grants						
Early Childhood	\$ 920,893	\$ -	\$ 920,893	\$ 922,321	\$ -	\$ 922,321
Quality improvement	-	132,336	132,336	-	131,873	131,873
Allocation for administration	48,468	147,684	196,152	48,543	147,860	196,403
Other program services	-	2,685,040	2,685,040	-	2,700,781	2,700,781
Total State of Iowa grants	<u>969,361</u>	<u>2,965,060</u>	<u>3,934,421</u>	<u>970,864</u>	<u>2,980,514</u>	<u>3,951,378</u>
Interest	<u>6,657</u>	<u>19,119</u>	<u>25,776</u>	<u>2,622</u>	<u>8,462</u>	<u>11,084</u>
Total additions	<u>976,018</u>	<u>2,984,179</u>	<u>3,960,197</u>	<u>973,486</u>	<u>2,988,976</u>	<u>3,962,462</u>
Deductions						
Program services						
Early Childhood	914,189	-	914,189	881,749	-	881,749
Quality improvement	-	203,039	203,039	-	102,218	102,218
Other program services	-	2,650,431	2,650,431	-	2,738,820	2,738,820
Total program services	<u>914,189</u>	<u>2,853,470</u>	<u>3,767,659</u>	<u>881,749</u>	<u>2,841,038</u>	<u>3,722,787</u>
Administration	<u>48,576</u>	<u>145,742</u>	<u>194,318</u>	<u>46,422</u>	<u>136,567</u>	<u>182,989</u>
Total deductions	<u>962,765</u>	<u>2,999,212</u>	<u>3,961,977</u>	<u>928,171</u>	<u>2,977,605</u>	<u>3,905,776</u>
Net change	13,253	(15,033)	(1,780)	45,315	11,371	56,686
Balances - beginning of year	<u>141,470</u>	<u>304,475</u>	<u>445,945</u>	<u>96,155</u>	<u>293,104</u>	<u>389,259</u>
Balances - end of year	<u>\$ 154,723</u>	<u>\$ 289,442</u>	<u>\$ 444,165</u>	<u>\$ 141,470</u>	<u>\$ 304,475</u>	<u>\$ 445,945</u>

NOTE 9 - COMMITMENTS

In July 2024, the Board of Directors approved agency partner program investments in the amount of \$12,155,646 for the fiscal year July 1, 2024 through June 30, 2025 as part of its approval of the 2024/2025 operating budget.

United Way of Central Iowa Notes to Financial Statements

NOTE 10 - ENDOWMENT FUNDS

United Way's donor restricted endowments consist of two funds, one established for the purpose of administering community investments and the other for the purpose of Early Childhood Initiatives. In addition, the United Way Board of Directors has established a quasi-endowment for the purpose of providing general operational support for the organization. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of United Way has interpreted Iowa Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, United Way retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity is subject to appropriation by United Way in a manner consistent with the standard of prudence prescribed by UPMIFA. Further, the governing board has internally designated a portion of the without donor restricted net assets as a board-designated endowment. In accordance with UPMIFA, United Way considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) duration and preservation of the various funds, (2) the purpose of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and appreciation of investments, (6) other resources to United Way, and (7) United Way's policy pertaining to the investment and distribution of endowment funds.

United Way has adopted an investment management policy for endowment assets. The investment management policy sets forth that the responsibility for investment management of endowed funds has been delegated, by contract, solely to the Community Foundation of Greater Des Moines. The Community Foundation of Greater Des Moines and its Board of Directors have adopted a Statement of Investment Policy providing direction for the investment of endowed funds. The underlying investment policy of the endowment funds is with the objective of achieving long-term asset appreciation. The policy establishes an achievable return objective through diversification of asset classes. The diversified asset allocation is targeted, and it places an emphasis on fixed income, equity, and alternative investments to achieve its long-term return objectives within prudent risk parameters. The current performance expectations of the endowment fund's assets are a long-term, total rate of return on assets that is equal to or in excess of a 5% spending rate, anticipated inflation, investment management fee, administrative costs, and a growth factor as established from time to time.

**United Way of Central Iowa
Notes to Financial Statements**

NOTE 10 - ENDOWMENT FUNDS (CONTINUED)

United Way has adopted a distribution and spending policy to ensure adherence to donor restrictions and to allow use of a portion of the endowment as a funding source toward making and administering community investments (agency program, community impact, and community services spending) where appropriate and not in violation of donor restrictions. The policy protects United Way from year-to-year fluctuations in market returns and investment results by providing a predictable amount in the funds made available from endowment. United Way generally limits total appropriations to 5% of the previous calendar year-end value for expenditure from any endowment fund unless a larger amount is required to address donor stipulations. The level of appropriation with the current performance expectations for investments is generally consistent with United Way's objective to maintain the original value of the endowment gifts in perpetuity.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). United Way has interpreted UPMIFA to permit spending from underwater endowments. Distributions from the endowment will be handled on a case-by-case basis when an endowment is underwater. A review of the donor's intent as to both the purpose and accumulation of funds, investment return expectations, organizational needs and resources, and other factors will determine if it is acceptable to continue distributions from the endowment or if it is advisable to suspend distributions for a period of time. No deficiencies were reported as of June 30, 2024 and 2023.

Endowment net asset composition by type of fund as of June 30, 2024 and 2023 are as follows:

	2024			Total Endowment Net Assets
	Without Donor Restrictions	With Donor Restrictions		
		Earnings	Perpetual	
Board designated for quasi-endowment Donor-restricted endowment funds	\$ 9,973,748 -	\$ - 696,227	\$ - 3,641,547	\$ 9,973,748 4,337,774
Total funds	<u>\$ 9,973,748</u>	<u>\$ 696,227</u>	<u>\$ 3,641,547</u>	<u>\$ 14,311,522</u>
	2023			
	Without Donor Restrictions	With Donor Restrictitons		Total Endowment Net Assets
		Earnings	Perpetual	
Board designated for quasi-endowment Donor-restricted endowment funds	\$ 9,243,060 -	\$ - 372,781	\$ - 3,621,547	\$ 9,243,060 3,994,328
Total funds	<u>\$ 9,243,060</u>	<u>\$ 372,781</u>	<u>\$ 3,621,547</u>	<u>\$ 13,237,388</u>

**United Way of Central Iowa
Notes to Financial Statements**

NOTE 10 - ENDOWMENT FUNDS (CONTINUED)

Changes in endowment net assets for the years ended June 30, 2024 and 2023 are as follows:

	2024		Total Endowment Net Assets
	Without Donor Restrictions	With Donor Restrictions	
Endowment net assets, beginning of year	\$ 9,243,060	\$ 3,994,328	\$ 13,237,388
Contributions	-	20,000	20,000
Investment return, net	1,160,428	513,176	1,673,604
Appropriations	(429,740)	(189,730)	(619,470)
Total endowment funds	\$ 9,973,748	\$ 4,337,774	\$ 14,311,522

	2023		Total Endowment Net Assets
	Without Donor Restrictions	With Donor Restrictions	
Endowment net assets, beginning of year	\$ 8,947,008	\$ 3,792,328	\$ 12,739,336
Contributions	5,125	26,072	31,197
Investment return, net	808,138	352,535	1,160,673
Appropriations	(517,211)	(176,607)	(693,818)
Total endowment funds	\$ 9,243,060	\$ 3,994,328	\$ 13,237,388

NOTE 11 - NET ASSETS

Net Assets Without Donor Restrictions

United Way's net assets without donor restrictions are comprised of Board designated and undesignated amounts for the following purposes as of June 30, 2024 and 2023.

Board Designated Quasi-Endowment - United Way's Board has designated funds to be set aside to establish and maintain a quasi-endowment for the purposes of securing United Way's long-term financial viability and continuing to meet the needs of United Way. The endowment funds totaled \$9,973,748 and \$9,243,060 as of June 30, 2024 and 2023, respectively.

Board Designated UNITED to THRIVE - In June 2021, United Way's Board designated funds to be set aside for the purpose of supporting United Way and its partners as it transitions its strategic focus from the Goals for 2020 to UNITED to THRIVE. The funds totaled \$343,700 as of June 30, 2023 and were expended in full during 2024.

**United Way of Central Iowa
Notes to Financial Statements**

NOTE 11 - NET ASSETS (CONTINUED)

Undesignated - The Board has established a guideline to reserve the undesignated net assets to provide financial stability and minimize financial disruption due to unexpected contingencies. The amount undesignated is a targeted dollar range representing three to six months' budgeted program and operating expenses for the next fiscal year. This targeted range was \$5,798,000 to \$11,596,000 as of June 30, 2024, with the fund's guideline balance being \$11,347,587.

Net Assets With Donor Restrictions

Net assets with donor restrictions as of June 30, 2024 and 2023 are as follows:

	2024	2023
Restricted due to time		
Annual campaign receivable - undesignated	\$ 4,816,745	\$ 3,766,797
Charitable remainder unitrusts	20,544	55,718
Total restricted due to time	4,837,289	3,822,515
Restricted due to purpose		
Endowment earnings supporting community investments	696,227	372,781
Polk County Early Childhood	2,245,990	2,600,000
OpportUNITY	-	13,600
5-2-1-0	5,922	42,545
Safe and Thriving Youth	35,618	66,882
LE Sponsors	18,000	58,500
Oral Health Coalition	1,717	17,144
National Skills Coalition	23,395	-
National Fund Childcare	195,503	-
Others restricted for specific program/project	3,079	57,013
Total restricted due to purpose	3,225,451	3,228,465
Perpetual in nature		
Supporting community investments	3,289,785	3,289,785
Early childhood initiative	351,762	331,762
Total perpetual in nature	3,641,547	3,621,547
 Total net assets with donor restriction	 \$ 11,704,287	 \$ 10,672,527