

United Way of Central Iowa

Financial Statements

June 30, 2022 and 2021



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

The Board of Directors
United Way of Central Iowa
Des Moines, Iowa

Opinion

We have audited the financial statements of United Way of Central Iowa, which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of United Way of Central Iowa as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.



Urbandale, Iowa
December 7, 2022

**United Way of Central Iowa
Statements of Financial Position
June 30, 2022 and 2021**

	2022	2021
Assets		
Cash and cash equivalents	\$ 4,764,901	\$ 8,953,109
Receivables		
Annual campaign	6,333,789	6,221,457
Grants	300,242	912,012
Other	65,903	156,318
Other assets	201,027	283,238
Investments	10,791,433	7,830,324
Land, building and equipment, net	2,284,285	2,600,256
Beneficial interest in community foundation fund	9,143,862	11,379,667
Assets restricted for donor endowment, in perpetuity		
Beneficial interest in community foundation fund	3,595,475	3,594,975
	<u>3,595,475</u>	<u>3,594,975</u>
Total assets	<u>\$ 37,480,917</u>	<u>\$ 41,931,356</u>
Liabilities and Net Assets		
Accounts payable	\$ 872,057	\$ 844,711
Refundable advances and deferred revenue		
Polk County Early Childhood Iowa	389,258	456,800
Other	15,496	25,072
Community investments and donor choice payable	1,698,389	1,460,387
Accrued expenses	223,485	377,253
	<u>223,485</u>	<u>377,253</u>
Total liabilities	<u>3,198,685</u>	<u>3,164,223</u>
Net assets		
Without donor restrictions		
Designated by the governing board		
Land, buildings, and equipment	2,284,285	2,600,256
Endowment fund	8,947,008	10,377,908
United to Thrive transition funding	992,800	2,173,216
Undesignated	12,765,826	13,325,044
Total net assets without donor restrictions	<u>24,989,919</u>	<u>28,476,424</u>
With donor restrictions		
Restricted due to time	4,873,097	4,988,795
Restricted due to purpose	823,741	1,706,939
Perpetual in nature	3,595,475	3,594,975
Total net assets with donor restrictions	<u>9,292,313</u>	<u>10,290,709</u>
Total net assets	<u>34,282,232</u>	<u>38,767,133</u>
Total liabilities and net assets	<u>\$ 37,480,917</u>	<u>\$ 41,931,356</u>

See notes to financial statements.

**United Way of Central Iowa
Statements of Activities
Years Ended June 30, 2022 and 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Grants, and Other Support						
Total campaign results	\$ 19,095,344	\$ 4,848,866	\$ 23,944,210	\$ 20,672,581	\$ 4,956,588	\$ 25,629,169
Prior year's campaign results released from time restrictions	4,956,588	(4,956,588)	-	6,596,338	(6,596,338)	-
Donor designations	(5,080,598)	-	(5,080,598)	(4,962,009)	-	(4,962,009)
Undesignated campaign contributions	18,971,334	(107,722)	18,863,612	22,306,910	(1,639,750)	20,667,160
Less estimated uncollectable pledges	(602,992)	-	(602,992)	(387,980)	-	(387,980)
Net campaign contributions	18,368,342	(107,722)	18,260,620	21,918,930	(1,639,750)	20,279,180
Grants, sponsorships, & other non-campaign contributions	1,499,475	1,308,207	2,807,682	2,593,494	1,133,288	3,726,782
Gain on forgiveness of PPP loan	-	-	-	606,325	-	606,325
Investment return, net	(101,679)	-	(101,679)	45,681	-	45,681
Change in value of beneficial interest in community foundation fund	(1,440,960)	(804,905)	(2,245,865)	2,035,345	913,339	2,948,684
Service fees	426,838	-	426,838	544,977	-	544,977
Operation of Human Service Campus, net of expenses 2022 \$846,343; 2021 \$823,724	(237,621)	-	(237,621)	(98,996)	-	(98,996)
Other revenue	68,654	-	68,654	70,558	-	70,558
	18,583,049	395,580	18,978,629	27,716,314	406,877	28,123,191
Satisfaction of restrictions	1,393,976	(1,393,976)	-	1,119,664	(1,119,664)	-
	19,977,025	(998,396)	18,978,629	28,835,978	(712,787)	28,123,191
Expenses						
Program services						
Community investments						
Early childhood success	2,586,796	-	2,586,796	-	-	-
Education success	3,898,576	-	3,898,576	-	-	-
Health & well-being	3,865,687	-	3,865,687	-	-	-
Economic opportunity	3,672,818	-	3,672,818	-	-	-
Essential needs	1,636,725	-	1,636,725	-	-	-
Education	-	-	-	6,428,621	-	6,428,621
Income	-	-	-	4,732,701	-	4,732,701
Health	-	-	-	4,045,254	-	4,045,254
Integrated work	-	-	-	439,408	-	439,408
Other	201,640	-	201,640	2,338,570	-	2,338,570
Community service programs	3,733,517	-	3,733,517	4,427,998	-	4,427,998
Total program services	19,595,759	-	19,595,759	22,412,552	-	22,412,552
Supporting services	3,867,771	-	3,867,771	3,485,449	-	3,485,449
Total expenses	23,463,530	-	23,463,530	25,898,001	-	25,898,001
Change in net assets	(3,486,505)	(998,396)	(4,484,901)	2,937,977	(712,787)	2,225,190
Net assets, beginning of year	28,476,424	10,290,709	38,767,133	25,538,447	11,003,496	36,541,943
Net assets, end of year	\$ 24,989,919	\$ 9,292,313	\$ 34,282,232	\$ 28,476,424	\$ 10,290,709	\$ 38,767,133

See notes to financial statements.

**United Way of Central Iowa
Statement of Functional Expenses
Year Ended June 30, 2022**

	2022									
	Program Services						Supporting Services			
	Community Service Programs									
	Community Investments	United 55+	United Way 2-1-1	Volunteer Engagement	Other Community Services	Total Program Services	Fund Raising	Organizational Administration	Total Supporting Services	Total Expenses
Salaries	\$ 308,037	\$ 70,135	\$ 412,601	\$ 128,314	\$ 1,779,142	\$ 2,698,229	\$ 1,054,846	\$ 1,296,822	\$ 2,351,668	\$ 5,049,897
Employee benefits	41,944	13,592	71,053	24,816	278,268	429,673	186,940	189,275	376,215	805,888
Total salaries and employee benefits	349,981	83,727	483,654	153,130	2,057,410	3,127,902	1,241,786	1,486,097	2,727,883	5,855,785
Professional fees and contract services	374,077	397	116,198	1,930	54,213	546,815	27,378	277,838	305,216	852,031
Technology fees	146,959	4,608	48,589	8,758	82,639	291,553	38,711	94,698	133,409	424,962
Marketing	67,204	19,266	12,039	5,026	26,535	130,070	69,878	37,020	106,898	236,968
Conferences, conventions, meetings	16,812	43	154	805	6,309	24,123	8,281	4,584	12,865	36,988
Community events & organizational meetings	9,877	1,264	1,517	17,003	65,369	95,030	43,724	44,366	88,090	183,120
Community investment grants	14,417,060	-	-	-	-	14,417,060	-	-	-	14,417,060
Occupancy	-	3,973	20,795	3,928	71,607	100,303	35,105	74,986	110,091	210,394
Depreciation	5,169	-	15,389	5,637	46,111	72,306	22,174	32,506	54,680	126,986
Organization dues	1,801	350	2,156	660	37,332	42,299	6,894	7,766	14,660	56,959
Specific assistance to individuals	409,254	16,446	-	-	-	425,700	-	-	-	425,700
Supplies, postage, and miscellaneous	64,048	1,568	46,959	5,351	8,458	126,384	20,073	25,947	46,020	172,404
Subtotal	15,862,242	131,642	747,450	202,228	2,455,983	19,399,545	1,514,004	2,085,808	3,599,812	22,999,357
United Way of America dues	-	-	-	-	196,214	196,214	200,573	67,386	267,959	464,173
Total functional expenses	<u>\$ 15,862,242</u>	<u>\$ 131,642</u>	<u>\$ 747,450</u>	<u>\$ 202,228</u>	<u>\$ 2,652,197</u>	<u>\$ 19,595,759</u>	<u>\$ 1,714,577</u>	<u>\$ 2,153,194</u>	<u>\$ 3,867,771</u>	<u>\$ 23,463,530</u>

See notes to financial statements.

**United Way of Central Iowa
Statement of Functional Expenses
Year Ended June 30, 2021**

	2021									
	Program Services						Supporting Services			
	Community Service Programs									
	Community Investments	United 55+	United Way 2-1-1	Volunteer Engagement	Other Community Services	Total Program Services	Fund Raising	Organizational Administration	Total Supporting Services	Total Expenses
Salaries	\$ 396,297	\$ 69,193	\$ 533,085	\$ 124,131	\$ 1,673,923	\$ 2,796,629	\$ 997,326	\$ 1,230,625	\$ 2,227,951	\$ 5,024,580
Employee benefits	60,018	13,704	60,334	27,237	295,422	456,715	179,724	197,862	377,586	834,301
Total salaries and employee benefits	456,315	82,897	593,419	151,368	1,969,345	3,253,344	1,177,050	1,428,487	2,605,537	5,858,881
Professional fees and contract services	532,353	351	711,817	13,171	65,251	1,322,943	2,552	155,570	158,122	1,481,065
Technology fees	138,345	10,652	31,280	3,435	85,666	269,378	27,483	69,014	96,497	365,875
Marketing	20,909	20,416	4,149	13,606	59,095	118,175	71,000	54,484	125,484	243,659
Conferences, conventions, meetings	2,843	525	170	280	2,962	6,780	3,549	3,046	6,595	13,375
Community events & organizational meetings	2,711	926	429	9,360	368	13,794	14,986	18,055	33,041	46,835
Community investment grants	16,282,928	-	-	-	-	16,282,928	-	-	-	16,282,928
Occupancy	11,109	3,883	24,195	3,260	60,333	102,780	34,003	69,759	103,762	206,542
Depreciation	1,985	-	18,237	5,838	57,866	83,926	24,129	35,025	59,154	143,080
Organization dues	2,193	350	10,183	500	75,972	89,198	50,012	5,064	55,076	144,274
Specific assistance to individuals	436,524	9,509	-	-	-	446,033	-	-	-	446,033
Supplies, postage, and miscellaneous	96,339	5,018	147,712	5,203	(8,067)	246,205	18,704	(21,268)	(2,564)	243,641
Subtotal	17,984,554	134,527	1,541,591	206,021	2,368,791	22,235,484	1,423,468	1,817,236	3,240,704	25,476,188
United Way of America dues	-	-	-	-	177,068	177,068	161,595	83,150	244,745	421,813
Total functional expenses	<u>\$ 17,984,554</u>	<u>\$ 134,527</u>	<u>\$ 1,541,591</u>	<u>\$ 206,021</u>	<u>\$ 2,545,859</u>	<u>\$ 22,412,552</u>	<u>\$ 1,585,063</u>	<u>\$ 1,900,386</u>	<u>\$ 3,485,449</u>	<u>\$ 25,898,001</u>

See notes to financial statements.

**United Way of Central Iowa
Statements of Cash Flows
Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Cash Flows - Operating Activities		
Changes in net assets	\$ (4,484,901)	\$ 2,225,190
Adjustments to reconcile changes in net assets to net cash flows - operating activities		
Depreciation	389,026	389,217
Loss on disposal of assets	115,854	14,334
Net amortization of investment premiums/(accretion of discounts)	(1,961)	1,536
Net unrealized loss on investments	171,935	61,256
Change in value of beneficial interest in community foundation fund	1,398,428	(3,569,771)
Distributions from community foundation fund	847,437	621,087
Contributions made directly to community foundation fund	(10,060)	(5,625)
Contributions restricted for endowment	(500)	(16,035)
Gain on forgiveness of PPP loan, less accrued interest	-	(602,200)
Changes in operating assets and liabilities		
Annual campaign receivables	(112,332)	2,180,316
Grants and other receivables	702,185	(202,935)
Other assets	82,211	(9,237)
Accounts payable	(99,274)	(324,292)
Refundable advances and deferred revenue	(77,118)	37,322
Community investments and donor choice payable	238,002	(489,489)
Accrued expenses	(153,768)	208,975
Net cash flows - operating activities	<u>(994,836)</u>	<u>519,649</u>
Cash Flows - Investing Activities		
Proceeds from sales and maturities of investments	4,269,917	3,436,216
Purchases of investments	(7,401,000)	(3,404,085)
Purchases of land, building and equipment	(62,289)	(318,213)
Net cash flows - investing activities	<u>(3,193,372)</u>	<u>(286,082)</u>
 Net change in cash and cash equivalents	 (4,188,208)	 233,567
Cash and Cash Equivalents		
Beginning of year	<u>8,953,109</u>	<u>8,719,542</u>
End of year	<u><u>\$ 4,764,901</u></u>	<u><u>\$ 8,953,109</u></u>
Supplemental Schedule of Noncash Investing and Financing Activities		
Purchase of property and equipment included in ending accounts payable	<u><u>\$ 126,620</u></u>	<u><u>\$ -</u></u>

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) mobilizes monetary, volunteer and partner resources, collaborating in efforts to provide lasting community change and reach improved community outcomes. The Goals for 2020 in the priority areas of education, income and health guided United Way's work for over a decade.

With the Goals for 2020 sunseting, United Way looked to the future and determined our work in the community was evolving and it needed to reflect and respond to the changing needs of every central Iowan. In April 2021, United Way announced the organization's strategic focus UNITED to THRIVE.

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, organized and operated under IRS 501(c)(3) regulations. It is 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 programmatic investments United Way makes to further strategic work to positively impact in our work. These include investments in external agencies as well as investments in United Way-led programs. Community service programs include other programmatic support.

In 2021, the Goals for 2020 drove the investment decisions in the priority areas of education, income, and health. UNITED to THRIVE lays out the path forward as we focus on helping everyone in our community have the opportunity to not only survive but to THRIVE.

The strategies for each of the 5 Elements of a Thriving Community are focused on growth. Progress and impact of the inter dependent 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 & 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.

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

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Program Services (Continued)

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.

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. United Way administers this program with United Way and federal funds.

United Way 2-1-1 – 2-1-1 is 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. The expenses related to Other Community Services are reported as Community Service Programs.

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.

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

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Substantially all pledges are received within one year.

United Way collects pledges that are specifically designated to be directed to eligible agencies during the campaign. United Way is honoring 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 management and general fees based on actual historical costs in accordance with United Way Worldwide Standards. United Way earned service fees totaling \$233,838 in 2022 and \$254,855 in 2021 for processing donor designated pledges.

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. Based on management's assessment of history with various grantors and other entities having outstanding balances, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

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

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Net Assets

The statement of financial position reports amounts in two classes of net assets – net assets without donor restrictions and net asset with donor restrictions.

Net Assets 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 13 for more information on the composition of the net assets without donor restrictions.

Net Assets 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 13 for more information on the composition of the net assets with donor restrictions.

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.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, United Way considers all highly liquid cash (including savings and money market accounts) to be cash equivalents.

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

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Investments

Investments include mutual funds, certificates of deposit, U.S. agency issues, and exchange traded bond funds. These are carried at fair value, realized and unrealized gains and losses are reflected in the statements of activities as part of investment income. For miscellaneous 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. Dividends are recorded on the ex-dividend date. 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 and 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.

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.

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

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Functional Expense Allocations

The statements of functional expenses present 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 Community Service Programs and Supporting Services using a base that results in a ratable distribution.

Office supplies, depreciation, information technology, and equipment maintenance 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.

Paycheck Protection Program Loan

United Way follows Financial Accounting Standards Board's Topic 470, *Debt*, in accounting for its Paycheck Protection Program (PPP) loan. The loan was accounted for as a financial liability and interest accrued at the specified rate of 1.00%. In April 2021, the United Way's PPP loan was forgiven in its entirety. The liability was removed and a gain on forgiveness of the PPP loan was recognized.

Recently Issued Accounting Pronouncement

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842). The new guidance will require all leases to be recorded as assets and liabilities on the statement of financial position. This update requires capitalization of "right-of-use assets" and recognition of an obligation for future lease payments for most leases currently classified as operating leases. In June 2020, the FASB issued ASU No. 2020-05 which defers the effective date making it effective for annual reporting periods beginning after December 15, 2021, with early adoption permitted. The provisions of this ASU are to be applied using the modified retrospective approach. United Way is currently evaluating the impact this standard will have on its financial statements.

Subsequent Events

Management of United Way has evaluated subsequent events through December 7, 2022, 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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 4,764,901	\$ 8,953,109
Receivables		
Annual campaign	6,333,789	6,221,457
Grants	300,242	912,012
Other	65,903	156,318
Investments	10,791,433	7,830,324
Beneficial interest in community foundation fund	12,739,337	14,974,642
Total	<u>\$ 34,995,605</u>	<u>\$ 39,047,862</u>
Less		
Amounts unavailable for general expenditures within one year, due to		
Restricted by donors with purpose restrictions	\$ 594,336	\$ 1,499,907
Subject to donor restricted endowment	3,595,475	3,594,975
Amounts unavailable to management without board approval		
Quasi-endowment fund, primarily for long-term investing	8,429,796	9,907,867
Total	<u>\$ 12,619,607</u>	<u>\$ 15,002,749</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 22,375,998</u>	<u>\$ 24,045,113</u>

To ensure United Way meets commitments, obligations, and other contingencies, and to strengthen the organization as it shifts its strategic focus to UNITED to THRIVE, and to provide flexibility for new organizational priorities within one year from the statement of financial position date, the organization has \$22,375,998 and \$24,045,113 of financial assets available as of June 30, 2022 and 2021. Of this balance United Way has a total cash and investment balance of \$15,556,334 and \$16,783,433 as of June 30, 2022 and 2021, and United Way's investment policy has an objective to maintain the necessary liquidity to match cash needs. Therefore, a portion of the invested assets are maintained in liquid short-term securities which can be converted to cash with minimum risk of losing principal or interest. The receivables primarily show those amounts expected to be collected from United Way's annual campaign and grants. Additionally, the \$8,947,008 and \$10,377,908 as of June 30, 2022 and 2021 in the beneficial interest in the Community Foundation are assets from a board designated quasi-endowment. United Way expects to make a withdrawal from the board designated quasi-endowment in fiscal 2023.

**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 less than a 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 annual program funding and the costs of operating and maintaining United Way. See Note 13 for more information on the fund's guideline and United Way's short-term liquidity.

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:

	<u>2022</u>	<u>2021</u>
Certificates of deposit (level 2)	\$ 1,329,898	\$ 2,665,929
U.S. treasury notes (level 2)	<u>9,461,535</u>	<u>5,164,395</u>
	<u>\$ 10,791,433</u>	<u>\$ 7,830,324</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, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Land	\$ 98,275	\$ 98,275
Human Service Campus building	7,871,667	8,074,673
Furniture and equipment	1,397,964	1,466,417
Projects in progress	126,620	-
Total	<u>9,494,526</u>	<u>9,639,365</u>
Less accumulated depreciation, including		
Human Service Campus building		
2022 \$6,127,028; 2021 \$5,971,592	<u>7,210,241</u>	<u>7,039,109</u>
Land, building, and equipment, net	<u><u>\$ 2,284,285</u></u>	<u><u>\$ 2,600,256</u></u>

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. The distribution limit of the Fund is based upon the agreement with the Community Foundation of Greater Des Moines. 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 fair value of the beneficial interest is measured using level 3 inputs and is based on the value of the assets underlying the beneficial interest. 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, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 14,974,642	\$ 12,004,298
Contributions	10,560	21,660
Investment returns, net	(1,398,428)	3,569,771
Appropriations	<u>(847,437)</u>	<u>(621,087)</u>
Balance, end of year	<u><u>\$ 12,739,337</u></u>	<u><u>\$ 14,974,642</u></u>

NOTE 6 – LEASE COMMITMENTS

Operating Leases

As of June 30, 2022, United Way leases office equipment (through June 30, 2023) under an operating lease agreement. Future minimum lease payments required under the lease are as follows:

Year Ending June 30,	
<u>2023</u>	<u>\$ 34,416</u>
	<u><u>\$ 34,416</u></u>

Total rent expense was \$34,416 and \$34,416 for the years ended June 30, 2022 and 2021, respectively.

United Way of Central Iowa
Notes to Financial Statements

NOTE 7 – OCCUPANCY AGREEMENTS

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, 2022 are as follows:

Year Ending June 30,	
2023	\$ 450,025
2024	349,267
2025	248,917
2026	95,347
	<u>\$ 1,143,556</u>

NOTE 8 – HUMAN SERVICE CAMPUS OPERATIONS

Summarized operating results for the years ended June 30, 2022 and 2021 of the Human Service Campus are:

	2022	2021
Revenue		
Occupancy cost reimbursements – third parties	\$ 538,861	\$ 547,717
Occupancy cost reimbursements – United Way	188,211	188,211
Loss on disposal of assets	(115,854)	(11,417)
Interest and miscellaneous income	504	216
	<u>611,722</u>	<u>724,727</u>

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

NOTE 8 – HUMAN SERVICE CAMPUS OPERATIONS (CONTINUED)

	<u>2022</u>	<u>2021</u>
Expenses		
Salaries and employee benefits	52,435	53,941
Security and insurance	57,113	72,894
Janitorial	135,718	136,743
Utilities	141,765	135,010
Supplies	900	789
Repairs and maintenance	141,572	123,096
Communications and other expenses	57,801	55,073
Depreciation	262,039	246,137
Miscellaneous	-	40
	<u>849,343</u>	<u>823,723</u>
Net expenses over revenue	<u>\$ (237,621)</u>	<u>\$ (98,996)</u>

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 more than sufficient to meet these needs.

NOTE 9 – EMPLOYEE BENEFIT PLANS

Employee Benefits Program Administration

United Way sponsors two employee benefit programs in which some agencies participate. The programs sponsored are a pension plan and a 401(k) plan.

Pension Plan (Defined Benefit Retirement Plan)

United Way contributes to the United Way of Central Iowa Retirement Plan which is a multiemployer defined benefit pension plan. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the company chooses to stop participating in some of its multiemployer plans, it may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

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

NOTE 9 – EMPLOYEE BENEFIT PLANS (CONTINUED)

United Way's participation in this plan for the fiscal years ended June 30, 2022 and 2021 is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employer Identification Number (EIN) and the plan number. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2021 and 2020 is for the plan's year-end at December 31, 2021 and 2020, respectively. The zone status is based on information that the company received from the plan. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented.

Pension Fund	EIN/ Pension Plan Number	Pension Protection Act Zone Status (calendar year)		FIP/RP Status Pending/ Implemented	Contributions of the Company (fiscal year)			Surcharge Imposed
		2021	2020		2022	2021	2020	
United Way of Central Iowa Retirement Plan	42-0680425 4-35825	Green	Green	N/A	<u>\$ -</u>	<u>\$ 83,191</u>	<u>\$ 166,383</u>	No

United Way provided more than 5% of the total contributions for the United Way of Central Iowa 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. All plan participants will become 100% vested, and following the end of plan termination process, plan assets will be used to purchase a terminal funding annuity from an insurance company to pay future benefits due under the plan. As part of the plan termination, participants not currently receiving benefit payments will be offered a payment window to elect a lump sum payment or a monthly benefit, paid through the annuity contract. Any excess plan assets following the termination process may be used to enhance plan benefits.

401(k) Plan (Defined Contribution Retirement Plan)

The plan is a defined contribution plan established on July 1, 2001. It generally covers all participants of United Way, plus other participating agencies. Participating employees agree to contribute a percentage of their effective 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 after the first year of employment. Total expense relating to the employer's contribution to the 401(k) plan was \$155,157 and \$128,961 for the years ended June 30, 2022 and 2021, respectively.

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

NOTE 10 – POLK COUNTY EARLY CHILDHOOD

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, 2022 and 2021:

	2022			2021		
	Early Childhood Program	School Ready Children Services	Total	Early Childhood Program	School Ready Children Services	Total
Additions						
State of Iowa grants						
Early Childhood	\$ 900,418	\$ -	\$ 900,418	\$ 881,765	\$ -	\$ 881,765
Quality improvement	-	131,629	131,629	-	131,252	131,252
Allocation for administration	47,390	143,299	190,689	46,409	83,574	129,983
Other program services	-	2,591,060	2,591,060	-	2,572,516	2,572,516
Total State of Iowa grants	<u>947,808</u>	<u>2,865,988</u>	<u>3,813,796</u>	<u>928,174</u>	<u>2,787,342</u>	<u>3,715,516</u>
Interest	<u>1,714</u>	<u>5,500</u>	<u>7,214</u>	<u>4,608</u>	<u>11,375</u>	<u>15,983</u>
Total additions	<u>949,522</u>	<u>2,871,488</u>	<u>3,821,010</u>	<u>932,782</u>	<u>2,798,717</u>	<u>3,731,499</u>
Deductions						
Program services						
Early Childhood	928,437	-	928,437	891,410	-	891,410
Quality improvement	-	128,146	128,146	-	133,892	133,892
Other program services	-	2,655,991	2,655,991	-	2,540,029	2,540,029
Total program services	<u>928,437</u>	<u>2,784,137</u>	<u>3,712,574</u>	<u>891,410</u>	<u>2,673,921</u>	<u>3,565,331</u>
Administration	<u>43,822</u>	<u>132,155</u>	<u>175,977</u>	<u>46,104</u>	<u>83,545</u>	<u>129,649</u>
Total deductions	<u>972,259</u>	<u>2,916,292</u>	<u>3,888,551</u>	<u>937,514</u>	<u>2,757,466</u>	<u>3,694,980</u>
Net change	(22,737)	(44,804)	(67,541)	(4,732)	41,251	36,519
Balances - beginning of year	<u>118,892</u>	<u>337,908</u>	<u>456,800</u>	<u>123,624</u>	<u>296,657</u>	<u>420,281</u>
Balances - end of year	<u>\$ 96,155</u>	<u>\$ 293,104</u>	<u>\$ 389,259</u>	<u>\$ 118,892</u>	<u>\$ 337,908</u>	<u>\$ 456,800</u>

NOTE 11 – COMMITMENTS

In July 2022, the Board of Directors approved agency partner program investments in the amount of \$15,635,417 for the fiscal year July 1, 2022 through June 30, 2023 as part of its approval of the 2022/2023 operating budget.

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

NOTE 12 – 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 GAAP, 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 (IPMIFA) 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 IPMIFA. Further, the governing board has internally designated a portion of the without donor restricted net assets as a board-designated endowment.

In accordance with IPMIFA, 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 12 – 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, 2022 or as of June 30, 2021.

Endowment net asset composition by type of fund as of June 30, 2022 and 2021 are as follows:

	2022		Total Endowment Net Assets
	Without Donor Restrictions	With Donor Restrictions	
Board Designated for quasi-endowment	\$ 8,947,008	\$ -	\$ 8,947,008
Donor-restricted endowment funds	-	3,792,328	3,792,328
Total funds	<u>\$ 8,947,008</u>	<u>\$ 3,792,328</u>	<u>\$ 12,739,336</u>
	2021		Total Endowment Net Assets
	Without Donor Restrictions	With Donor Restrictions	
Board Designated for quasi-endowment	\$ 10,377,908	\$ -	\$ 10,377,908
Donor-restricted endowment funds	-	4,596,734	4,596,734
Total funds	<u>\$ 10,377,908</u>	<u>\$ 4,596,734</u>	<u>\$ 14,974,642</u>

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

NOTE 12 – ENDOWMENT FUNDS (CONTINUED)

Changes in endowment net assets for the years ended June 30, 2022 and 2021 are as follows:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Endowment net assets, beginning of year	\$ 10,377,908	\$ 4,596,734	\$ 14,974,642
Contributions	10,060	500	10,560
Investment return, net	(970,960)	(427,469)	(1,398,429)
Appropriations	(470,000)	(377,437)	(847,437)
Total endowment funds	<u>\$ 8,947,008</u>	<u>\$ 3,792,328</u>	<u>\$ 12,739,336</u>

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment Net Assets
Endowment net assets, beginning of year	\$ 8,336,938	\$ 3,667,360	\$ 12,004,298
Contributions	5,625	16,035	21,660
Investment return, net	2,478,594	1,091,177	3,569,771
Appropriations	(443,249)	(177,838)	(621,087)
Total endowment funds	<u>\$ 10,377,908</u>	<u>\$ 4,596,734</u>	<u>\$ 14,974,642</u>

NOTE 13 – 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, 2022 and 2021.

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 \$8,947,008 and \$10,377,908 at June 30, 2022 and 2021, 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 \$992,800 and \$2,173,216 at June 30, 2022 and 2021, respectively.

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

NOTE 13 – 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 \$5,854,000 to \$11,709,000 at June 30, 2022, with the fund's guideline balance being \$12,824,784. United Way ended the current fiscal year in excess of its fund's guideline which will provide strength and financial flexibility in the strategic transitions to UNITED to THRIVE.

Net Assets with Donor Restrictions

Net assets with donor restrictions are as follows:

	2022	2021
Time restricted		
Annual campaign receivable - undesignated	\$ 4,848,866	\$ 4,956,588
Charitable remainder unitrusts	24,231	32,207
Total time restricted	<u>4,873,097</u>	<u>4,988,795</u>
Purpose restricted		
Supporting community investments	446,853	1,001,759
OpportUNITY	164,021	235,459
5-2-1-0	31,267	71,467
Skills 2 Compete	22,751	62,080
Redesigned Jobs	49,728	-
Healthworks	-	118,000
LE Sponsors	28,000	49,000
Oral Health Coalition	32,007	48,474
Others restricted for specific program/project	49,114	120,700
Total purpose restricted	<u>823,741</u>	<u>1,706,939</u>
Perpetual in nature		
Supporting community investments	3,289,784	3,289,784
Early childhood initiative	305,691	305,191
	<u>3,595,475</u>	<u>3,594,975</u>
Total net assets with donor restriction	<u><u>\$ 9,292,313</u></u>	<u><u>\$ 10,290,709</u></u>

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

NOTE 14 – CONTINGENCIES

On April 10, 2020, United Way applied for and obtained a \$602,200 PPP loan, administered by the U.S. Small Business Administration established under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Under the terms of the loan, United Way applied for and was granted forgiveness for the loan. In order to meet the conditions for forgiveness, United Way was required to maintain certain employee levels and use the proceeds on eligible expenses including payroll, benefits, rent, and utilities within a specified period. The loan was forgiven by the SBA in December 2020.

United Way must retain all records relating to the loans for six years from the date of forgiveness and must permit authorized representatives of the SBA, including representatives of its Office of Inspector General to access such files upon request.