

United Way Financial Review Agency Communication

Overview

To ensure that United Way of Central Iowa (UWCI) invests donor dollars responsibly, the organization conducts financial assessments on funded partners. These assessments are intended to give UWCI insight into a partner's financial stability.

The Quick Reference Guidelines below show the amount of funding you can request based upon the types of financial documents you have available for your organization as required by the I.R.S. In cases where you take the initiative to produce a document not required by the I.R.S. it will not automatically place you in a different funding category. For your fiscal year application, you should not request more than your limit based on the financial documents you submit to us (example: if you are only required by the I.R.S. to produce a 990N, you should keep your request to under \$50,000).

Quick Reference Guidelines

The following is a listing of the amount of funding your agency can request in aggregate (total across all United Way funded programs) based on the financial documents you submit to UWCI and your agency's revenue. We encourage all organizations to obtain Independent Auditor Reports with management letters and share these whenever possible. If you have them, please submit them.

Agencies requesting funding must be financially solvent (positive net asset and cash position) and in compliance with I.R.S guidelines to be eligible for funding.

Financial Documents Required

- **Form 990, Independent Audit, and Audit Management Letter**
Maximum request: No funding limit
- **Form 990 and Auditor Review**
Maximum request: \$99,999
- **Form 990**
Maximum request: \$49,999
- **Form 990N**
Maximum request: \$20,000
- **IRS Designation Letter**
Maximum request: \$15,000

**This document is based upon financial review guidelines adopted by the UWCI Finance/Audit Committee in January 2023. Changes to this document must adhere to those guidelines as approved by the Committee. If this document varies from the Committee's adopted guidelines, the adopted guidelines must be relied upon.*

Revenue Guidelines

- If your annual agency revenue is over \$1,000,000, you must submit a current independent audit and audit management letter to receive funding from United Way.
- If your organizational revenue is under \$50,000, you only need to complete a 990N per IRS regulations, not a full form 990, which limits you to requesting \$20,000.
- Any organization receiving federal funds of \$750,000 or more is expected to provide a Single Audit (FKA: A-133 Government Audit Report) to demonstrate compliance.

***Note:** Before any funding is released to an organization receiving \$100,000 or more of United Way funding, **an audit must be provided.**

Other Requirements/Considerations

- New organizations without I.R.S. formal approval of their 501(c)(3) status or community-based initiatives without a formally recognized legal entity, must have an established fiscal sponsor who can provide a Form 990, and is financially solvent. UWCI requirements will be applied to fiscal sponsor.
- Governmental organizations and affiliates are exempted due to their public affiliation and oversight.
- Local organizations that are branch offices of large regional and national organizations will be reviewed on a case-by-case basis.

Attributes for Assigning a Rating

Overall financial assessment ratings are determined based on the attributes below which were established from areas that provide insight into an organization's sustainability (1), efficiency (2), governance (3), and independent audits (4). The attributes by category are in the table shown below.

Attribute	Preferred Range or Value
Sustainability Attributes:	
Debt Payment/Covenants - current	Yes or not applicable
Use of Line of Credit	No
Use of Endowment	No
Working Capital Ratio – using 990 (Unrestricted+Temp restricted net assets) / Total Expense	Greater than or equal to 75%
Change in Net Asset: Deficit – using 990 (Change in Net Asset / Working Capital, see above)	Greater than or equal to 14%
Liability Ratio – using 990 (Total Liabilities / Working Capital, see above)	Less than 50%, adjusted for capital intensive organizations
Efficiency Attributes:	
Revenue Growth – using 990 ((Total Revenue current year/ Total revenue prior year)-1)	Greater than or equal to 0
Program Expense Ratio – using 990 (Program expense / Total expense)	Greater than or equal to 75%
United Way Funding to Total Revenue – using 990 (United Way Funding / Total revenue)	Less than 25%
Governance Attributes:	

CEO Salary Ratio – using 990 (CEO Salary /Total Revenue)	Less than 10%
Independent Board – using 990	100%
Paid Board Members – using 990	No
Loans to officers, directors, key employees – using 990	No
Material diversion of assets – using 990	No
Media findings – based upon web searches	No
Audit Attributes:	
Audit Opinion - unqualified	Yes
GAAP Financial Statements	Yes
A-133 Reportable Conditions	No
Management Letter Comments	None
Problems pulling information – see note	No