

**United Way of East Central Iowa, Inc.
and Related Entity**

Consolidated Financial Statements

June 30, 2023 and 2022

**United Way of East Central Iowa, Inc. and Related Entity
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Independent Auditor's Report

Board of Directors
United Way of East Central Iowa, Inc. and Related Entity

Opinion

We have audited the consolidated financial statements of United Way of East Central Iowa, Inc. and its related entity (the Organization), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, and the change in their net assets and their 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 the Organization, 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated 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 consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

BergankDV, LTD.

Waterloo, Iowa
October 17, 2023

United Way of East Central Iowa, Inc. and Related Entity
Consolidated Statements of Financial Position
As of June 30, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents		
Unrestricted	\$ 1,429,543	\$ 2,341,152
Restricted	85,917	88,831
Certificates of deposit	2,004,205	1,321,408
Receivables		
Pledges, net	1,348,984	1,237,248
Out of area pledges	541,478	245,550
Other	221,961	159,113
Prepaid expenses	94,167	60,030
Investments	2,667,877	2,505,175
Beneficial interest in assets		
held by community foundation	312,618	299,222
Right-of-use assets - operating leases, net	22,040	-
Right-of-use asset - finance lease, net	70,227	-
Property and equipment, net	10,019,492	10,362,916
Total assets	\$ 18,818,509	\$ 18,620,645
Liabilities and Net Assets		
Allocations and grants payable		
Allocations payable	\$ 2,650,000	\$ 2,700,012
Initiative fund grants payable	203,533	247,000
Out of area payables	621,024	438,563
Donor designations payable	156,105	167,896
Accounts payable	38,991	21,233
Accrued expenses	210,165	208,470
Operating lease liabilities	22,040	-
Finance lease liability	70,227	-
Total liabilities	3,972,085	3,783,174
Net assets		
Without donor restrictions		
Undesignated	11,320,084	11,433,349
Board designated - quasi-endowment	1,620,308	1,316,484
Total without donor restrictions	12,940,392	12,749,833
With donor restrictions	1,906,032	2,087,638
Total net assets	14,846,424	14,837,471
Total liabilities and net assets	\$ 18,818,509	\$ 18,620,645

See notes to consolidated financial statements.

United Way of East Central Iowa, Inc. and Related Entity
Consolidated Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Campaign revenues			
Prior period campaign results (released from restrictions)	\$ 269,550	\$ (269,550)	\$ -
Gross campaign results in current period	4,723,079	319,849	5,042,928
Less donor designations	505,535	-	505,535
Net current period campaign revenues	4,217,544	319,849	4,537,393
Less provisions for uncollectible pledges	137,913	-	137,913
Net campaign revenues in current period	4,079,631	319,849	4,399,480
Total net campaign revenue	4,349,181	50,299	4,399,480
Other revenue			
Other contributions	27,633	94,935	122,568
Federal grants	274,560	-	274,560
Donor designation fees	83,287	-	83,287
Investment return, net	409,044	79,823	488,867
Rental income	308,139	-	308,139
Sponsorships	77,082	65,018	142,100
Employee Retention Credit	138,972	-	138,972
In-kind contributions	115,851	-	115,851
Special events and miscellaneous income	81,315	-	81,315
Net assets released from restrictions	471,681	(471,681)	-
Total other revenue	1,987,564	(231,905)	1,755,659
Total support and revenue	6,336,745	(181,606)	6,155,139
Expenses			
Program services			
Allocation services	3,053,708	-	3,053,708
Community impact	358,802	-	358,802
Volunteer management	246,819	-	246,819
HSC	893,652	-	893,652
Other program services	246,437	-	246,437
Total program services	4,799,418	-	4,799,418
Supporting services			
Management and general	615,193	-	615,193
Fundraising	731,575	-	731,575
Total supporting services	1,346,768	-	1,346,768
Total expenses	6,146,186	-	6,146,186
Change in net assets	190,559	(181,606)	8,953
Net assets, beginning of year	12,749,833	2,087,638	14,837,471
Net assets, end of year	\$ 12,940,392	\$ 1,906,032	\$ 14,846,424

See notes to consolidated financial statements.

United Way of East Central Iowa, Inc. and Related Entity
Consolidated Statement of Activities
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Campaign revenues			
Prior period campaign results (released from restrictions)	\$ 343,234	\$ (343,234)	\$ -
Gross campaign results in current period	5,244,440	269,550	5,513,990
Less donor designations	615,999	-	615,999
Net current period campaign revenues	4,628,441	269,550	4,897,991
Less provisions for uncollectible pledges	33,367	-	33,367
Net campaign revenues in current period	4,595,074	269,550	4,864,624
Total net campaign revenue	4,938,308	(73,684)	4,864,624
Other revenue			
Other contributions	257,847	34,747	292,594
Federal grants	448,828	-	448,828
Donor designation fees	77,994	-	77,994
Investment return, net	(150,496)	(294,768)	(445,264)
Rental income	360,448	-	360,448
Sponsorships	107,250	47,459	154,709
In-kind contributions	80,332	-	80,332
Special events and miscellaneous income	40,854	-	40,854
Net assets released from restrictions	460,677	(460,677)	-
Total other revenue	1,683,734	(673,239)	1,010,495
Total support and revenue	6,622,042	(746,923)	5,875,119
Expenses			
Program services			
Allocation services	3,202,377	-	3,202,377
Community impact	506,205	-	506,205
Volunteer management	308,312	-	308,312
Disaster relief	273,951	-	273,951
HSC	909,291	-	909,291
Other program services	279,847	-	279,847
Total program services	5,479,983	-	5,479,983
Supporting services			
Management and general	591,732	-	591,732
Fundraising	545,019	-	545,019
Total supporting services	1,136,751	-	1,136,751
Total expenses	6,616,734	-	6,616,734
Change in net assets	5,308	(746,923)	(741,615)
Net assets, beginning of year	12,744,525	2,834,561	15,579,086
Net assets, end of year	\$ 12,749,833	\$ 2,087,638	\$ 14,837,471

See notes to consolidated financial statements.

United Way of East Central Iowa, Inc. and Related Entity
Consolidated Statement of Functional Expenses
Year Ended June 30, 2023

	Programs							Total Programs
	Allocation Services	Community Impact	Volunteer Management	55+ Program	Volunteer Income Tax Assistance	Disaster Relief	HSC	
Gross funds awarded/distributed	\$ 3,155,535	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,155,535
Less donor designations	505,535	-	-	-	-	-	-	505,535
Net funds awarded/distributed	2,650,000	-	-	-	-	-	-	2,650,000
Initiative fund grants	403,708	-	-	-	-	-	-	403,708
	<u>3,053,708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,053,708</u>
Salaries	-	192,280	123,400	119,039	28,734	6,638	-	470,091
Benefits and taxes	-	50,036	24,484	25,765	6,580	2,072	-	108,937
Total salaries and related expenses	<u>-</u>	<u>242,316</u>	<u>147,884</u>	<u>144,804</u>	<u>35,314</u>	<u>8,710</u>	<u>-</u>	<u>579,028</u>
Contract services	-	76,392	4,538	7,275	9,120	170	91,310	188,805
Office expense	-	2,287	4,106	2,278	6,205	41	4,244	19,161
Donated services and materials	-	-	-	-	-	-	-	-
Occupancy	-	1,738	1,193	1,873	356	3	302,092	307,255
Repairs and maintenance	-	1,727	1,440	1,561	320	53	162,455	167,556
Transportation	-	1,024	24,358	2,519	42	1	-	27,944
Conferences	-	2,142	4,376	670	84	14	-	7,286
National dues	-	136	418	267	25	4	-	850
Publications, printing and subscriptions	-	3,512	1,460	1,669	2,246	32	-	8,919
Special projects	-	2,663	24,680	57	932	2	-	28,334
Advertising	-	695	2,270	2,924	477	22	-	6,388
Miscellaneous	-	1,186	2,298	955	1,717	3	30	6,189
Computer expenses	-	12,955	9,833	6,594	5,589	227	-	35,198
Depreciation	-	1,841	747	902	380	-	333,521	337,391
Payments to affiliates (UWW)	-	8,188	17,218	-	-	-	-	25,406
Total expenses by function	<u>\$ 3,053,708</u>	<u>\$ 358,802</u>	<u>\$ 246,819</u>	<u>\$ 174,348</u>	<u>\$ 62,807</u>	<u>\$ 9,282</u>	<u>\$ 893,652</u>	<u>\$ 4,799,418</u>

(Continued)

United Way of East Central Iowa, Inc. and Related Entity
Consolidated Statement of Functional Expenses
Year Ended June 30, 2023

	Total Programs	Supporting Services		Total Supporting Services	Total Expenses
		Management and General	Fundraising		
Gross funds awarded/distributed	\$ 3,155,535	\$ -	\$ -	\$ -	\$ 3,155,535
Less donor designations	505,535	-	-	-	505,535
Net funds awarded/distributed	2,650,000	-	-	-	2,650,000
Initiative fund grants	403,708	-	-	-	403,708
	<u>3,053,708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,053,708</u>
Salaries	470,091	388,163	408,934	797,097	1,267,188
Employee benefits	108,937	68,698	83,540	152,238	261,175
Total salaries and related expenses	<u>579,028</u>	<u>456,861</u>	<u>492,474</u>	<u>949,335</u>	<u>1,528,363</u>
Contract services	188,805	57,730	11,687	69,417	258,222
Office expense	19,161	16,694	8,272	24,966	44,127
Donated services and materials	-	-	115,851	115,851	115,851
Occupancy	307,255	2,782	3,012	5,794	313,049
Repairs and maintenance	167,556	6,485	3,657	10,142	177,698
Transportation	27,944	4,275	95	4,370	32,314
Conferences	7,286	1,927	3,156	5,083	12,369
National dues	850	970	1,187	2,157	3,007
Publications, printing and subscriptions	8,919	5,255	23,390	28,645	37,564
Special projects	28,334	16,369	22,265	38,634	66,968
Advertising	6,388	3,582	7,069	10,651	17,039
Miscellaneous	6,189	877	1,896	2,773	8,962
Computer expenses	35,198	18,422	15,453	33,875	69,073
Depreciation	337,391	2,887	3,146	6,033	343,424
Payments to affiliates (UWW)	25,406	20,077	18,965	39,042	64,448
Total expenses by function	<u>\$ 4,799,418</u>	<u>\$ 615,193</u>	<u>\$ 731,575</u>	<u>\$ 1,346,768</u>	<u>\$ 6,146,186</u>

United Way of East Central Iowa, Inc. and Related Entity
Consolidated Statement of Functional Expenses
Year Ended June 30, 2022

	Programs							Total Programs
	Allocation Services	Community Impact	Volunteer Management	55+ Program	Volunteer Income Tax Assistance	Disaster Relief	HSC	
Gross funds awarded/distributed	\$ 3,316,011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,316,011
Less donor designations	615,999	-	-	-	-	-	-	615,999
Net funds awarded/distributed	2,700,012	-	-	-	-	-	-	2,700,012
Initiative fund grants	502,365	-	-	-	-	256,987	-	759,352
	<u>3,202,377</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>256,987</u>	<u>-</u>	<u>3,459,364</u>
Salaries	-	188,209	151,029	135,508	46,861	12,140	-	533,747
Benefits and taxes	-	42,863	30,189	20,486	10,722	3,692	-	107,952
Total salaries and related expenses	<u>-</u>	<u>231,072</u>	<u>181,218</u>	<u>155,994</u>	<u>57,583</u>	<u>15,832</u>	<u>-</u>	<u>641,699</u>
Contract services	-	224,090	4,398	5,863	2,805	297	91,638	329,091
Office expense	-	2,055	3,710	7,535	6,200	60	1,959	21,519
Donated services and materials	-	-	-	-	-	-	-	-
Occupancy	-	1,359	1,214	1,513	386	5	295,525	300,002
Repairs and maintenance	-	1,797	1,422	1,770	557	96	185,967	191,609
Transportation	-	1,152	20,448	2,144	164	2	-	23,910
Conferences	-	3,803	4,087	5,959	901	155	-	14,905
National dues	-	148	366	643	46	8	-	1,211
Publications, printing and subscriptions	-	2,902	1,836	1,879	3,304	74	-	9,995
Special projects	-	1,052	42,675	85	1,640	5	-	45,457
Advertising	-	2,173	1,518	3,343	434	40	-	7,508
Miscellaneous	-	2,004	383	608	1,426	10	1,500	5,931
Computer expenses	-	12,820	9,385	8,303	6,398	380	-	37,286
Depreciation	-	2,611	1,438	1,628	736	-	332,702	339,115
Payments to affiliates (UWW)	-	17,167	34,214	-	-	-	-	51,381
Total expenses by function	<u>\$ 3,202,377</u>	<u>\$ 506,205</u>	<u>\$ 308,312</u>	<u>\$ 197,267</u>	<u>\$ 82,580</u>	<u>\$ 273,951</u>	<u>\$ 909,291</u>	<u>\$ 5,479,983</u>

(Continued)

United Way of East Central Iowa, Inc. and Related Entity
Consolidated Statement of Functional Expenses
Year Ended June 30, 2022

	Total Programs	Supporting Services		Total Supporting Services	Total Expenses
		Management and General	Fundraising		
Gross funds awarded/distributed	\$ 3,316,011	\$ -	\$ -	\$ -	\$ 3,316,011
Less donor designations	615,999	-	-	-	615,999
Net funds awarded/distributed	2,700,012	-	-	-	2,700,012
Initiative fund grants	759,352	-	-	-	759,352
	<u>3,459,364</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,459,364</u>
Salaries	533,747	359,840	311,232	671,072	1,204,819
Employee benefits	107,952	63,202	43,596	106,798	214,750
Total salaries and related expenses	<u>641,699</u>	<u>423,042</u>	<u>354,828</u>	<u>777,870</u>	<u>1,419,569</u>
Contract services	329,091	49,562	8,425	57,987	387,078
Office expense	21,519	16,829	6,785	23,614	45,133
Donated services and materials	-	-	80,332	80,332	80,332
Occupancy	300,002	2,265	2,011	4,276	304,278
Repairs and maintenance	191,609	3,601	2,621	6,222	197,831
Transportation	23,910	589	638	1,227	25,137
Conferences	14,905	8,135	4,371	12,506	27,411
National dues	1,211	951	216	1,167	2,378
Publications, printing and subscriptions	9,995	6,076	20,474	26,550	36,545
Special projects	45,457	18,466	16,823	35,289	80,746
Advertising	7,508	3,412	5,427	8,839	16,347
Miscellaneous	5,931	861	3,835	4,696	10,627
Computer expenses	37,286	20,732	10,437	31,169	68,455
Depreciation	339,115	4,312	3,869	8,181	347,296
Payments to affiliates (UWW)	51,381	32,899	23,927	56,826	108,207
Total expenses by function	<u>\$ 5,479,983</u>	<u>\$ 591,732</u>	<u>\$ 545,019</u>	<u>\$ 1,136,751</u>	<u>\$ 6,616,734</u>

United Way of East Central Iowa, Inc. and Related Entity
Consolidated Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows - Operating Activities		
Change in net assets	\$ 8,953	\$ (741,615)
Adjustments to reconcile change in net assets to net cash flows - operating activities		
Depreciation	343,424	347,296
Amortization of ROU assets - operating	15,717	-
Amortization of ROU asset - finance	16,330	-
Noncash reinvested investment income	(70,029)	(46,806)
Net realized loss on sale of investments	45,930	94,715
Net unrealized (gain) loss on investments	(141,638)	495,390
Change in beneficial interest	(28,726)	65,986
Changes in operating assets and liabilities		
Receivables	(470,512)	(197,427)
Prepaid expenses	(34,137)	(13,488)
Allocations and grants payable	77,191	(125,509)
Accounts payable	17,758	(4,460)
Accrued expenses	1,695	(157)
Operating lease liabilities	(15,717)	-
Net cash flows - operating activities	(233,761)	(126,075)
Cash Flows - Investing Activities		
Purchases of property and equipment	-	(28,554)
Proceeds from sales of investments	1,211,084	769,478
Purchases of investments	(1,208,049)	(923,756)
Purchases of certificates of deposit	(1,252,891)	(802,688)
Proceeds from redemption of certificates of deposit	570,094	1,058,261
Distributions from beneficial interest	15,330	15,862
Net cash flows - investing activities	(664,432)	88,603
Cash Flows - Financing Activity		
Principal payments on finance lease liability	(16,330)	-
Net decrease in cash and cash equivalents	(914,523)	(37,472)
Cash and Cash Equivalents, Unrestricted and Restricted		
Beginning of year	2,429,983	2,467,455
End of year	\$ 1,515,460	\$ 2,429,983

United Way of East Central Iowa, Inc. and Related Entity
Consolidated Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Reconciliation of Cash and Cash Equivalents, Unrestricted and Restricted		
Unrestricted	\$ 1,429,543	\$ 2,341,152
Restricted	85,917	88,831
Total cash and cash equivalents, unrestricted and restricted	\$ 1,515,460	\$ 2,429,983
Supplemental Disclosures of Cash Flow Information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash outflows from operating leases	\$ 16,476	\$ -
Operating cash outflows from finance lease	2,066	-
Financing cash outflows from finance lease	16,498	-
Supplemental Schedule of Noncash Investing and Financing Activities		
ROU assets obtained in exchange for operating lease liabilities	\$ 37,757	\$ -
ROU asset obtained in exchange for finance lease liability	86,557	-

United Way of East Central Iowa, Inc. and Related Entity
Notes to Consolidated Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Principles of Consolidation

The United Way of East Central Iowa, Inc. (UWECI) is a perpetual, nonprofit corporation serving the five-county region of Linn, Benton, Cedar, Iowa and Jones counties. The objective of UWECI is to provide a means by which contributions can be made annually in gifts and pledges to charitable health and welfare organizations, to provide for the budgeting and allocation of funds derived from said gifts and pledges to tax-exempt agencies and to provide for the planning of health, welfare, and other services in order to most efficiently meet the needs of the community and the area.

Human Services Campus, L.L.C. (HSC), is a limited liability company, with UWECI the sole member. HSC owns and operates commercial real estate which houses UWECI and several local nonprofit agencies focused on providing health and human services. Nonprofit agencies housed in this 65,000-square-foot building serve thousands of clients making a daily impact within our five-county region of Linn, Benton, Cedar, Iowa and Jones counties that is well beyond the reach of just Cedar Rapids. The goal of this shared facility is to provide low-cost leases to nonprofit agencies so that more resources can be spent on service delivery to client. This is achieved by renting out space to these agencies at 50% of the market rental rate.

The consolidated financial statements include the activity of UWECI and its related entity, collectively referred to as the Organization. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

Description of Programs

Allocation Services. To actively establish and monitor policies and procedures for the operations of the following allocation services: partner agency funding, initiative funding and, when applicable, specific funding needs assessments, along with the knowledge of the Organization's volunteers and staff, aid in the allocation of resources to assist the community.

Community Impact. This service focuses on studying the communities' need as well as community problem solving. Significant staff time and other resources are committed to learning more about the region's demographics, economic condition, and perceptions of the communities' quality of life. This knowledge is utilized in partnerships, collaborations, and other community strategies/projects. This combined community knowledge is used to help identify funding priorities, emerging needs, growing trends in the community to produce community outcomes.

Volunteer Management. The Volunteer Management team connects individuals to meaningful volunteer opportunities to help meet United Way goals and the needs of the community.

Disaster Relief. UWECI serves on two Community Organizations Active in Disaster (COAD). The primary function of these COAD's is to share resources and collaborate to build a better-prepared response to disaster. UWECI functions as a community partner in the collaborations and is the lead on emergency volunteer response.

United Way of East Central Iowa, Inc. and Related Entity
Notes to Consolidated Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Programs. Other programs directly supported by the Organization include the *55+ program* that engages adults 55 and older in volunteer services, *Volunteer Income Tax Assistance (VITA)* offering free individual tax preparation assistance, and *HSC*, operates commercial real estate housing nonprofit organizations.

Accounting 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.

Concentrations of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization places its cash and cash equivalents with a limited number of financial institutions which, at times, are in excess of the FDIC insurance limit.

Cash Equivalents

Cash equivalents include highly liquid investments, with original maturities of three months or less, that are recorded at cost plus accrued interest, which approximates market.

Restricted Cash

The Organization acts as a financial agent for other organizations, and since the Organization is not considered to be financially interrelated with these organizations, the total amount of funds on behalf of these organizations is reflected as a liability on the consolidated statement of financial position. The Organization does not have variance power to redirect the assets held for others, and the funds are generally payable on demand.

Certificates of Deposit

Certificates of deposit are recorded at cost plus accrued interest, which approximates market.

Pledge Receivables

Pledge receivables (unconditional promises to give) are recorded as receivables and revenue when received. Pledge receivables are expected to be collected within one year and are recorded at net realizable value using an estimated uncollectible pledge percentage. The estimated uncollectible pledge percentage is based on historical collection rates and current economic factors applied to the gross campaign results, including donor designations. The uncollectible pledge percentage applied to the gross campaign for the campaign years 2023 and 2022 was 3.25% and 3.5%, respectively. The actual uncollectible amount could differ from these estimates.

United Way of East Central Iowa, Inc. and Related Entity
Notes to Consolidated Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Organization carries its investments at fair value. Net investment return consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expense, and is reported in the statement of activities an increase or decrease in net assets with donor restrictions or without donor restrictions based on the intention stipulated by the donor.

Investments are exposed to various risk 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.

Beneficial Interest in Assets Held by Community Foundation

The Organization has contributed funds to The Greater Cedar Rapids Community Foundation (the Foundation), which are held in a designated agency endowment fund, for the benefit of the Organization. Control over the investment or reinvestment of these funds is exercised exclusively by the Foundation. A portion of the fund's earnings is made available for distribution to the Organization periodically. The transactions with the Foundation are deemed to be reciprocal, and therefore, the fair value of the fund held by the Foundation is recognized as an asset by the Organization.

Property and Equipment

Property and equipment are stated at cost, or fair value if donated, with depreciation computed under the straight-line method over the economic useful lives of the assets. UWECI's policy is to capitalize all property and equipment purchases in excess of \$2,500. HSC's policy is to capitalize all property and equipment purchases in excess of \$5,000.

Long-Lived Assets

The Organization 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, 2023 and 2022.

Leases

Effective July 1, 2022, the Organization classifies leases as either operating or finance leases at the commencement date of the lease. A lease is classified as a finance lease if any of the five criteria are met: (1) ownership transfers at the end of the lease term, (2) there is an option to purchase the underlying assets and the lessee is reasonably certain to exercise the option, (3) the term of the lease is for a major part of the remaining economic life of the underlying assets, (4) the present value of the sum of the lease payments and any residual value guaranteed by the lessee equals or exceeds substantially all of the fair value of the underlying assets or (5) the underlying assets are of such a specialized nature that they are expected to have no alternative use to the lessor at the end of the lease term. Leases that do not meet any of the five criteria above for a finance lease are classified as operating leases.

United Way of East Central Iowa, Inc. and Related Entity
Notes to Consolidated Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Organization recognizes a right-of-use (ROU) asset and lease liability for each operating and finance lease with a term greater than 12 months at the time of lease inception. The Organization does not record a ROU asset or lease liability for leases with an initial term of 12 months or less but continues to record rent expense on a straight-line basis over the lease term. Options to extend or terminate at the sole discretion of the Organization are included in the determination of lease term when they are reasonably certain to be exercised. The lease liability represents the present value of future lease payments over the lease term. The Organization has elected the practical expedient that allows for private companies to utilize the risk-free rate based on asset class.

Prior to July 1, 2022, the Organization accounted for its leases as either operating or capital leases. Assets and liabilities for operating leases were not recorded and rent expense was recorded within operations on a straight-line basis over the term of the lease.

Allocations Payable

Allocation's payables are recorded as a liability at the point they are approved by the Board of Directors. Allocations with substantial conditions are not recognized until the conditions on which they depend are met.

Net Assets

Net assets, revenues, gains, 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:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. If the Board of Directors specifies a purpose where none has been stated by the original donor, such funds are classified as designated without donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Income Taxes

The Organizations are exempt from income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes pursuant to Section 501(a) of the Code.

United Way of East Central Iowa, Inc. and Related Entity
Notes to Consolidated Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. The consolidated financial statements report certain categories of expense that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Substantially all expenses are allocated on the basis of estimates of time and effort.

Revenue Recognition

The Organization recognizes contributions, measured at fair value on the date received, when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give which contain a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met. As of June 30, 2023 and 2022, conditional promises to give amounted to \$150,000 and \$204,571, respectively, and are not recorded in the consolidated financial statements.

Employee Retention Credit

The Employee Retention Credit (ERC), a refundable payroll tax credit, was created by the Coronavirus Aid, Relief, and Economic Security Act (Cares Act) in March 2020 and expanded by relief legislation in December 2020 and again in March 2021. The credit is available to entities that were either fully or partially shutdown by government orders, or experienced a significant decline in quarterly gross receipts. The Organization followed FASB Topic 958-605, *Revenue Recognition for Not-for-Profit Entities* in accounting for the ERC. The credits are effectively accounted for as conditional promises to give and recognized in the quarter the Organization was eligible to receive the credit. These funds were received in September 2023.

Donor Designated Transactions

Certain funds can be designated by donors to the Organization's partner agencies, nonaffiliated organizations, churches, or other government agencies or not-for-profit entity. The Organization has adopted a policy of reflecting these contributions in the campaign results in the statement of activities. These contributions are then deducted to reflect the amount of revenue under accounting principles generally accepted in the United States of America.

United Way of East Central Iowa, Inc. and Related Entity
Notes to Consolidated Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Adopted Accounting Pronouncements

Effective July 1, 2022, The Organization adopted the new lease accounting guidance in Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, utilizing the modified retrospective optional method, where the cumulative catch-up adjustment is recorded at the date of adoption. Operating leases with a duration greater than 12 months are included in operating lease right-of-use assets and operating lease liabilities on the consolidated statement of financial position as of June 30, 2023. The Organization has elected the package of practical expedients permitted in Topic 842. Accordingly, the Organization did not reassess at adoption (a) whether the contract contains a lease under Topic 842, (b) whether classification of the operating lease would be different in accordance with Topic 842, or (c) initial direct costs for existing leases. The Organization also elected the practical expedients (1) to discount the lease liability using the risk free rate, (2) to use hindsight for assessing the lease term and impairment of the ROU asset, and (3) to not separate lease and non-lease components.

As a result of the adoption of the new lease accounting standard, the Organization's consolidated statement of financial position was impacted by the recognition of its ROU assets and lease liabilities of \$124,314. There was no significant impact on the consolidated statements of activities, functional expenses, or cash flows as a result of the adoption.

Effective July 1, 2022, the Organization adopted FASB ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which improves transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. In addition to enhanced disclosures for contributed nonfinancial assets, this ASU requires not-for-profit organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The amendments in this ASU were applied on a retrospective basis. There was no significant impact on the consolidated financial statements as a result of the adoption.

Subsequent Events

Management has evaluated subsequent events through October 17, 2023, the date which the consolidated financial statements were available for issue.

United Way of East Central Iowa, Inc. and Related Entity
Notes to Consolidated Financial Statements

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Unrestricted cash and cash equivalents	\$ 1,429,543	\$ 2,341,152
Certificates of deposit	2,004,205	1,321,408
Pledge receivables, net	1,349,034	1,237,248
Other receivables without restriction	190,649	156,640
Interest receivable	31,262	2,473
Investments	2,667,877	2,505,175
Beneficial interests	312,618	299,222
Total financial assets available	<u>7,985,188</u>	<u>7,863,318</u>
Less board designations	1,620,308	1,316,482
Less donor imposed restrictions	<u>1,906,032</u>	<u>2,052,891</u>
Financial assets available within one year	<u>\$ 4,458,848</u>	<u>\$ 4,493,945</u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in certificates of deposit.

The Organization's governing board has designated and invested a portion of its unrestricted resources for various purposes. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the board.

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

The fair value measurement accounting literature establishes a valuation hierarchy for disclosure of the inputs to valuation 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 market corroboration, for substantially the full term of the financial instrument.
- Level 3: Inputs are unobservable inputs based on the Organization's own assumptions used to measure assets and liabilities at fair value.

United Way of East Central Iowa, Inc. and Related Entity
Notes to Consolidated Financial Statements

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The following tables set forth by level within the fair value hierarchy of the Organization's financial assets measured at fair value on a recurring basis is as of June 30, 2023 and 2022, and indicates the fair value hierarchy of the valuation techniques utilized by the Organization to determine such fair value.

	Fair Value Measurements at Reporting Date Using:			
	Level 1	Level 2	Level 3	Total
<u>June 30, 2023</u>				
Money market fund	\$ 8,104	\$ -	\$ -	\$ 8,104
Domestic equity mutual funds	1,189,258	-	-	1,189,258
Foreign equity mutual funds	550,217	-	-	550,217
Bond mutual funds	596,120	-	-	596,120
Preferred stocks	324,178	-	-	324,178
Total investments	<u>2,667,877</u>	-	-	<u>2,667,877</u>
Beneficial interest in assets held by community foundation	-	-	312,618	312,618
 Total	 <u>\$ 2,667,877</u>	 <u>\$ -</u>	 <u>\$ 312,618</u>	 <u>\$ 2,980,495</u>
<u>June 30, 2022</u>				
Money market fund	\$ 1,746	\$ -	\$ -	\$ 1,746
Domestic equity mutual funds	1,239,026	-	-	1,239,026
Foreign equity mutual funds	582,805	-	-	582,805
Bond mutual funds	473,394	-	-	473,394
Preferred stocks	208,204	-	-	208,204
Total investments	<u>2,505,175</u>	-	-	<u>2,505,175</u>
Beneficial interest in assets held by community foundation	-	-	299,222	299,222
 Total	 <u>\$ 2,505,175</u>	 <u>\$ -</u>	 <u>\$ 299,222</u>	 <u>\$ 2,804,397</u>

The money market fund, mutual funds and preferred stock are valued at the net asset value, based on quoted market prices in active markets, of shares held by the Organization at year end. The beneficial interest in assets held by community foundation is valued at the estimated pro rata share of the Foundation's investment pool.

United Way of East Central Iowa, Inc. and Related Entity
Notes to Consolidated Financial Statements

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following is a summary of changes in the fair value of the Organization's Level 3 asset for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Balance - beginning of year	\$ 299,222	\$ 381,070
Distributions	(15,330)	(15,862)
Net earnings (losses)	28,726	(65,986)
Balance - end of year	<u>\$ 312,618</u>	<u>\$ 299,222</u>

NOTE 4 – FUNDS HELD AT COMMUNITY FOUNDATION

Beneficial Interest in Assets Held by Community Foundation

The Organization has agency funds available at The Greater Cedar Rapids Community Foundation (the Foundation). The Organization has a beneficial interest in these assets held by the Foundation in the amount of \$312,618 and \$299,222 as of June 30, 2023 and 2022, respectively, which represents funds previously transferred to the Foundation by the Organization, and the earnings thereon. These funds are invested for long-term appreciation but are available at the discretion of the Organization's Board of Directors. The Organization has granted variance power to the Foundation in the event the Organization terminates or ceases to exist as a legal entity. For the years ended June 30, 2023 and 2022, \$15,330 and \$15,862, respectively, was distributed to the Organization from the beneficial interest accounts.

Amounts Held on Behalf of the Organization

The Foundation holds third-party contributions to the Foundation on behalf of the Organization in designated funds. Income from these funds is available to support the Organization's operations at the discretion of the Foundation, with a current distribution rate of 4.5%, calculated using a 12-quarter trailing average. The Foundation is considered the owner of these funds. The Organization had a total of \$3,443,176 and \$3,224,833 in designated Funds held by the Foundation as of June 30, 2023 and 2022, respectively.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2023 and 2022 consisted of the following:

<u>June 30, 2023</u>	<u>UWECI</u>	<u>HSC</u>	<u>Total</u>
Land	\$ -	\$ 1,555,609	\$ 1,555,609
Building	-	12,318,796	12,318,796
Furnishings and equipment	438,102	241,572	679,674
Total cost	438,102	14,115,977	14,554,079
Less accumulated depreciation	(428,797)	(4,105,790)	(4,534,587)
Property and equipment, net	<u>\$ 9,305</u>	<u>\$ 10,010,187</u>	<u>\$ 10,019,492</u>

United Way of East Central Iowa, Inc. and Related Entity
Notes to Consolidated Financial Statements

NOTE 5 – PROPERTY AND EQUIPMENT (CONTINUED)

<u>June 30, 2022</u>	<u>UWECI</u>	<u>HSC</u>	<u>Total</u>
Land	\$ -	\$ 1,555,609	\$ 1,555,609
Building	-	12,318,796	12,318,796
Furnishings and equipment	485,533	241,572	727,105
Total cost	<u>485,533</u>	<u>14,115,977</u>	<u>14,601,510</u>
Less accumulated depreciation	<u>(466,133)</u>	<u>(3,772,461)</u>	<u>(4,238,594)</u>
Property and equipment, net	<u>\$ 19,400</u>	<u>\$ 10,343,516</u>	<u>\$ 10,362,916</u>

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restriction are restricted for the following purposes or periods as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Purpose restricted:		
Children's needs endowed funds	\$ 550,163	\$ 520,915
Donor restricted endowed funds	503,650	503,650
Disaster/COVID-19	84,000	109,625
RED Ahead	-	104,585
Sponsorships	65,018	47,459
Doordash	-	20,000
Women United	47,030	34,747
Other program	29,948	13,759
Total purpose restricted	<u>1,279,809</u>	<u>1,354,740</u>
Time restricted:		
Term endowments	-	150,000
Unappropriated endowment earnings	306,374	313,348
Contributions for future campaigns	319,849	269,550
Total time restricted	<u>626,223</u>	<u>732,898</u>
Total net assets with donor restrictions	<u>\$ 1,906,032</u>	<u>\$ 2,087,638</u>

United Way of East Central Iowa, Inc. and Related Entity
Notes to Consolidated Financial Statements

NOTE 7 – ENDOWMENTS

The Organization's endowments (the Endowments) consist of various funds established to support the general operating needs of the Organization. The endowments consist of both donor-restricted endowments and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the Iowa Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the Endowment, and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation or depreciation of investments, (6) other resources of the Organization, and (7) the investment policies of the Organization.

In accordance with the donor-restricted gifts, distributions from the endowment funds will be limited to the annual income of the endowment funds. The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets. These policies attempt to provide a predictable stream of funding to programs supported by the Organization's endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities that is intended to maximize total return within reasonable and prudent levels of risk. The total return is achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to prevent exposing the fund to unacceptable levels of risk.

The Organization has a policy of appropriating for distribution 4.5% of the endowment fund assets.

United Way of East Central Iowa, Inc. and Related Entity
Notes to Consolidated Financial Statements

NOTE 7 – ENDOWMENTS (CONTINUED)

Endowment net asset composition by type of fund as of June 30, 2023 and 2022, follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>June 30, 2023</u>			
Donor-restricted	\$ -	\$ 1,360,187	\$ 1,360,187
Board-designated	1,620,308	-	1,620,308
Total	<u>\$ 1,620,308</u>	<u>\$ 1,360,187</u>	<u>\$ 2,980,495</u>
<u>June 30, 2022</u>			
Donor-restricted	\$ -	\$ 1,487,913	\$ 1,487,913
Board-designated	1,316,484	-	1,316,484
Total	<u>\$ 1,316,484</u>	<u>\$ 1,487,913</u>	<u>\$ 2,804,397</u>

Changes in endowment net assets for the years ended June 30, 2023 and 2022, follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2021	\$ 1,486,571	\$ 1,788,695	\$ 3,275,266
Investment return, net	(281,891)	(294,768)	(576,659)
Contribution	142,349	-	142,349
Amounts appropriated for expenditure	<u>(30,545)</u>	<u>(6,014)</u>	<u>(36,559)</u>
Endowment net assets, June 30, 2022	1,316,484	1,487,913	2,804,397
Investment return, net	337,664	(121,311)	216,353
Amounts appropriated for expenditure	<u>(33,840)</u>	<u>(6,415)</u>	<u>(40,255)</u>
Endowment net assets, June 30, 2023	<u>\$ 1,620,308</u>	<u>\$ 1,360,187</u>	<u>\$ 2,980,495</u>

United Way of East Central Iowa, Inc. and Related Entity
Notes to Consolidated Financial Statements

NOTE 8 – LEASES

The Organization has operating leases for office space and a finance lease for office equipment with remaining lease terms of one to five years. Payments under these lease arrangements are all fixed.

Future minimum lease payments under non-cancellable leases are as follows as of June 30, 2023:

	<u>Operating</u>	<u>Finance</u>
2024	\$ 15,970	\$ 18,564
2025	1,872	18,564
2026	1,872	18,564
2027	1,872	18,564
2028	1,404	-
Total lease payments	<u>22,990</u>	<u>74,256</u>
Less amounts representing interest	<u>950</u>	<u>4,029</u>
Present value of lease liabilities	<u><u>\$ 22,040</u></u>	<u><u>\$ 70,227</u></u>

Lease costs for the year ended June 30, 2023, were as follows:

Finance lease cost, amortization	\$ 17,311
Finance lease cost, interest	2,234
Operating lease costs	15,717
Variable lease costs	<u>896</u>
Total lease costs	<u><u>\$ 36,158</u></u>

As of June 30, 2023, operating leases and the finance lease had weighted-average remaining lease terms of 29 and 48 months, respectively, and the weighted-average discount rates were 3.25% and 2.88%, respectively.

Rent expense for the year ended June 30, 2022, which was accounted for in accordance with ASC 840, was \$19,901.

HSC leases space to tenants under rental agreements expiring at various dates through May 2027. Future minimum rental revenue on these agreements are as follows as of June 30, 2023:

2024	\$ 257,079
2025	158,206
2026	53,808
2027	<u>40,241</u>
Future lease payments	<u><u>\$ 509,334</u></u>

United Way of East Central Iowa, Inc. and Related Entity
Notes to Consolidated Financial Statements

NOTE 9 – DONATED MATERIALS AND CONTRIBUTED SERVICES

Donated materials are supplies and prizes and are valued at the estimated fair value for the materials that the Organization might incur under normal operating activities. These materials, which are received without donor restriction, are used for as prizes during fundraising events that generate funds to support the programs offered. The Organization received \$64,476 and \$27,721, respectively, in donated materials for the years ended June 30, 2023 and 2022.

From time to time, the Organization receives discounted professional services. The Organization records the discounted value based on current market rates for those services. The Organization recorded donated services of \$51,375 and \$52,611, respectively, for the years ended June 30, 2023 and 2022.

A substantial number of volunteers donate significant amounts of their time to the Organization's programs and its annual fundraising campaign. No amounts have been reflected in the statements for these donated services because no objective basis is available to measure the value of such services.

NOTE 10 – RETIREMENT PLAN

The Organization sponsors a defined contribution retirement plan covering substantially all of its employees. The Organization's contribution is based on a percentage match of eligible employees' wages. For the years ended June 30, 2023 and 2022, contributions to the plan totaled \$69,513 and \$59,440, respectively.

SUPPLEMENTARY INFORMATION

United Way of East Central Iowa, Inc. and Related Entity
Consolidating Statements of Financial Position
As of June 30, 2023

	UWECI	HSC	Eliminations	Total
Assets				
Cash and cash equivalents				
Unrestricted	\$ 961,839	\$ 467,704	\$ -	\$ 1,429,543
Restricted	85,917	-	-	85,917
Certificates of deposit	1,754,205	250,000	-	2,004,205
Receivables				
Pledges, net	1,348,984	-	-	1,348,984
Out of area pledges	541,478	-	-	541,478
Related party	63,091	-	(63,091)	-
Other	220,076	1,885	-	221,961
Prepaid expenses	81,054	22,214	(9,101)	94,167
Investments	2,667,877	-	-	2,667,877
Beneficial interest in assets				
held by community foundation	312,618	-	-	312,618
Right-of-use assets - operating leases, net	400,507	-	(378,467)	22,040
Right-of-use asset - finance lease, net	70,227	-	-	70,227
Property and equipment, net	9,305	10,010,187	-	10,019,492
	<u>\$ 8,517,178</u>	<u>\$ 10,751,990</u>	<u>\$ (450,659)</u>	<u>\$ 18,818,509</u>
Liabilities and Net Assets				
Allocations and grants payable				
Allocations payable	\$ 2,650,000	\$ -	\$ -	\$ 2,650,000
Initiative fund grants payable	203,533	-	-	203,533
Out of area payables	621,024	-	-	621,024
Donor designations payable	156,105	-	-	156,105
Accounts payable	5,696	96,386	(63,091)	38,991
Accrued expenses	170,958	48,308	(9,101)	210,165
Operating lease liabilities	400,507	-	(378,467)	22,040
Finance lease liability	70,227	-	-	70,227
	<u>4,278,050</u>	<u>144,694</u>	<u>(450,659)</u>	<u>3,972,085</u>
Net assets				
Without donor restrictions				
Undesignated	712,788	10,607,296	-	11,320,084
Board designated - quasi-endowment	1,620,308	-	-	1,620,308
Total without donor restrictions	<u>2,333,096</u>	<u>10,607,296</u>	<u>-</u>	<u>12,940,392</u>
With donor restrictions	<u>1,906,032</u>	<u>-</u>	<u>-</u>	<u>1,906,032</u>
Total net assets	<u>4,239,128</u>	<u>10,607,296</u>	<u>-</u>	<u>14,846,424</u>
	<u>\$ 8,517,178</u>	<u>\$ 10,751,990</u>	<u>\$ (450,659)</u>	<u>\$ 18,818,509</u>

United Way of East Central Iowa, Inc. and Related Entity
Consolidating Statements of Financial Position
As of June 30, 2022

	<u>UWECI</u>	<u>HSC</u>	<u>Eliminations</u>	<u>Total</u>
Assets				
Cash and cash equivalents				
Unrestricted	\$ 2,074,379	\$ 266,773	\$ -	\$ 2,341,152
Restricted	88,831	-	-	88,831
Certificates of deposit	802,688	518,720	-	1,321,408
Receivables				
Pledges, net	1,237,248	-	-	1,237,248
Out of area pledges	245,550	-	-	245,550
Related party	39,589	-	(39,589)	-
Other	157,782	1,331	-	159,113
Prepaid expenses	49,431	19,700	(9,101)	60,030
Investments	2,505,175	-	-	2,505,175
Beneficial interest in assets held by community foundation	299,222	-	-	299,222
Property and equipment, net	19,400	10,343,516	-	10,362,916
 Total assets	 <u>\$ 7,519,295</u>	 <u>\$ 11,150,040</u>	 <u>\$ (48,690)</u>	 <u>\$ 18,620,645</u>
Liabilities and Net Assets				
Allocations and grants payable				
Allocations payable	\$ 2,700,012	\$ -	\$ -	\$ 2,700,012
Initiative fund grants payable	247,000	-	-	247,000
Out of area payables	438,563	-	-	438,563
Donor designations payable	167,896	-	-	167,896
Accounts payable	15,166	45,656	(39,589)	21,233
Accrued expenses	160,899	56,672	(9,101)	208,470
 Total liabilities	 <u>3,729,536</u>	 <u>102,328</u>	 <u>(48,690)</u>	 <u>3,783,174</u>
Net assets				
Without donor restrictions				
Undesignated	385,637	11,047,712	-	11,433,349
Board designated - quasi-endowment	1,316,484	-	-	1,316,484
Total without donor restrictions	<u>1,702,121</u>	<u>11,047,712</u>	<u>-</u>	<u>12,749,833</u>
With donor restrictions	2,087,638	-	-	2,087,638
Total net assets	<u>3,789,759</u>	<u>11,047,712</u>	<u>-</u>	<u>14,837,471</u>
 Total liabilities and net assets	 <u>\$ 7,519,295</u>	 <u>\$ 11,150,040</u>	 <u>\$ (48,690)</u>	 <u>\$ 18,620,645</u>

United Way of East Central Iowa, Inc. and Related Entity
Consolidating Statements of Activities
Year Ended June 30, 2023

	UWECI	HSC	Eliminations	Total
Support and Revenue				
Gross campaign results in current period	\$ 5,042,928	\$ -	\$ -	\$ 5,042,928
Less donor designations	505,535	-	-	505,535
Net current period campaign revenues	4,537,393	-	-	4,537,393
Less provisions for uncollectible pledges	137,913	-	-	137,913
Total campaign revenue, net	4,399,480	-	-	4,399,480
Other revenue				
Other contributions	122,568	-	-	122,568
Federal grants	274,560	-	-	274,560
Donor designation fees	83,287	-	-	83,287
Investment return, net	477,607	11,260	-	488,867
Rental income	-	441,976	(133,837)	308,139
Sponsorships	142,100	-	-	142,100
Employee retention credit	138,972	-	-	138,972
In-kind contributions	115,851	-	-	115,851
Special events and miscellaneous income	81,315	-	-	81,315
Total other revenue	1,436,260	453,236	(133,837)	1,755,659
				-
Total support and revenue	5,835,740	453,236	(133,837)	6,155,139
Expenses				
Program services				
Allocation services	3,053,708	-	-	3,053,708
Community impact	358,802	-	-	358,802
Volunteer management	246,819	-	-	246,819
Disaster relief	9,282	-	-	9,282
HSC	-	893,652	-	893,652
Other program services	300,531	-	(63,376)	237,155
Total program services	3,969,142	893,652	(63,376)	4,799,418
Supporting services				
Management and general	648,911	-	(33,718)	615,193
Fundraising	768,318	-	(36,743)	731,575
Total supporting services	1,417,229	-	(70,461)	1,346,768
Total expenses	5,386,371	893,652	(133,837)	6,146,186
Change in net assets	449,369	(440,416)	-	8,953
Net assets, beginning of year	3,789,759	11,047,712	-	14,837,471
Net assets, end of year	\$ 4,239,128	\$ 10,607,296	\$ -	\$ 14,846,424

United Way of East Central Iowa, Inc. and Related Entity
Consolidating Statements of Activities
Year Ended June 30, 2022

	UWECI	HSC	Eliminations	Total
Support and Revenue				
Gross campaign results in current period	\$ 5,513,990	\$ -	\$ -	\$ 5,513,990
Less donor designations	615,999	-	-	615,999
Net current period campaign revenues	4,897,991	-	-	4,897,991
Less provisions for uncollectible pledges	33,367	-	-	33,367
Total campaign revenue, net	4,864,624	-	-	4,864,624
Other revenue				
Other contributions	292,947	-	(353)	292,594
Federal grants	448,828	-	-	448,828
Donor designation fees	77,994	-	-	77,994
Investment return, net	(449,081)	3,817	-	(445,264)
Rental income	-	478,794	(118,346)	360,448
Sponsorships	154,709	-	-	154,709
In-kind contributions	80,332	-	-	80,332
Special events and miscellaneous income	40,854	-	-	40,854
Total other revenue	646,583	482,611	(118,699)	1,010,495
Total support and revenue	5,511,207	482,611	(118,699)	5,875,119
Expenses				
Program services				
Allocation services	3,202,377	-	-	3,202,377
Community impact	506,205	-	-	506,205
Volunteer management	308,312	-	-	308,312
Disaster relief	273,951	-	-	273,951
HSC	-	909,291	-	909,291
Other program services	335,278	-	(55,431)	279,847
Total program services	4,626,123	909,291	(55,431)	5,479,983
Supporting services				
Management and general	625,022	-	(33,290)	591,732
Fundraising	574,894	-	(29,875)	545,019
Other agency administrative support	103	-	(103)	-
Total supporting services	1,200,019	-	(63,268)	1,136,751
Total expenses	5,826,142	909,291	(118,699)	6,616,734
Change in net assets	(314,935)	(426,680)	-	(741,615)
Net assets, beginning of year	4,104,694	11,474,392	-	15,579,086
Net assets, end of year	\$ 3,789,759	\$ 11,047,712	\$ -	\$ 14,837,471