

UNITED WAY OF NORTH IDAHO

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

United Way of North Idaho, Inc.

Audited Financial Statements

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June 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of North Idaho, Inc.
Coeur d'Alene, Idaho

I have audited the accompanying financial statements of the United Way of North Idaho, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of North Idaho, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (Continued)

Report on Summarized Comparative Information

I have previously audited United Way of North Idaho, Inc.'s financial statements for the fiscal year ended June 30, 2020, and I expressed an unmodified audit opinion on those audited financial statements in my report dated September 21, 2020. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Scott P. Hoover, CPA

Scott P. Hoover, CPA, PLLC
Liberty Lake, WA

November 12, 2021

United Way of North Idaho, Inc.

STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	2021	2020*
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 341,681	\$ 389,325
Promises to give, net of allowances	36,663	59,099
Designations receivable	1,834	1,606
Prepaid expenses	-	3,563
Total current assets	380,178	453,593
 Total assets	 \$ 380,178	 \$ 453,593
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Designations payable	\$ 5,497	\$ 6,062
Accounts payable	6,599	444
Accrued payroll liabilities and vacation	4,551	8,770
Deferred revenue	-	1,750
Total current liabilities	16,647	17,026
 Non-current liabilities:		
Paycheck Protection Program loan payable	35,144	33,853
Total non-current liabilities	35,144	33,853
 NET ASSETS		
Without donor restrictions:		
Board designated	160,564	125,432
Available for unrestricted use	54,525	162,656
Total unrestricted	215,089	288,088
With donor restrictions	113,298	114,626
Total net assets	328,387	402,714
 Total liabilities and net assets	 \$ 380,178	 \$ 453,593

* Prior year information is summarized and included for comparative purposes only

See Accompanying Notes to the Financial Statements

United Way of North Idaho, Inc.

**STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2021 and 2020**

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020*
PUBLIC SUPPORT AND REVENUE				
Public Support:				
Campaign results	\$ 289,545	\$ -	\$ 289,545	\$ 331,311
Designated contributions	-	8,446	8,446	7,424
Direct pay contributions	-	72,860	72,860	107,963
Community impact initiative contributions	-	9,740	9,740	11,304
Grants and other contributions	96,109	135,321	231,430	230,826
Gain from forgiveness of PPP loan	34,058	-	34,058	-
Revenue:				
Interest	132	-	132	336
Administration fees	5,221	-	5,221	9,026
In-kind donations	25,132	-	25,132	7,873
Special events and other income	29,253	-	29,253	44,838
Total public support	<u>479,450</u>	<u>226,367</u>	<u>705,817</u>	<u>750,901</u>
Net assets released from restrictions	<u>227,695</u>	<u>(227,695)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>707,145</u>	<u>(1,328)</u>	<u>705,817</u>	<u>750,901</u>
EXPENSES				
Allocations and program services	631,382	-	631,382	427,386
Supporting services:				
Management and general	85,214	-	85,214	78,715
Fundraising	63,548	-	63,548	51,292
Total supporting services	<u>148,762</u>	<u>-</u>	<u>148,762</u>	<u>130,007</u>
Total expenses	<u>780,144</u>	<u>-</u>	<u>780,144</u>	<u>557,393</u>
CHANGE IN NET ASSETS	<u>(72,999)</u>	<u>(1,328)</u>	<u>(74,327)</u>	<u>193,508</u>
NET ASSETS, beginning of year	<u>288,088</u>	<u>114,626</u>	<u>402,714</u>	<u>209,206</u>
NET ASSETS, end of year	<u>\$ 215,089</u>	<u>\$ 113,298</u>	<u>\$ 328,387</u>	<u>\$ 402,714</u>

* Prior year information is summarized and included for comparative purposes only

See Accompanying Notes to the Financial Statements

United Way of North Idaho, Inc.

**STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2021 and 2020**

	Program Services	Supporting Services		2021 Total	2020*
		Management and General	Fund Raising		
Allocations and designations	\$ 177,541	\$ -	\$ -	\$ 177,541	\$ 136,297
Payroll	107,672	54,449	33,834	195,955	149,316
Payroll taxes and benefits	22,549	11,403	7,085	41,037	29,330
Professional services	-	6,750	-	6,750	8,000
Marketing and education	4,724	2,361	2,362	9,447	7,678
Office supplies and expense	1,447	310	310	2,067	3,194
Occupancy	17,047	3,008	-	20,055	20,028
Travel and meals	2,905	623	622	4,150	3,249
Meetings	-	429	-	429	156
Insurance	-	2,340	-	2,340	2,467
Community impact expenses	178,760	-	-	178,760	103,034
Covid-19 Relief Fund grants	63,972	-	-	63,972	28,621
Special events expenses	-	-	16,332	16,332	28,852
Uncollectible pledges	26,355	-	-	26,355	11,621
Bank charges	-	397	397	794	646
Postage and shipping	499	250	83	832	433
United Way fair share	8,089	-	-	8,089	5,166
Equipment leases	1,107	554	184	1,845	1,603
Computers and software	18,715	2,340	2,339	23,394	17,630
Other expenses	-	-	-	-	72
Totals	\$ 631,382	\$ 85,214	\$ 63,548	\$ 780,144	\$ 557,393

** Prior year information is summarized and included for comparative purposes only*

See Accompanying Notes to the Financial Statements

United Way of North Idaho, Inc.

**STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020*</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (74,327)	\$ 193,508
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Gain from forgiveness of PPP Loan	(33,853)	-
Bad debt expense	26,355	11,621
Changes in operating assets and liabilities:		
Promises to give	(4,147)	3,883
Prepaid expenses	3,563	9,976
Designations payable	(565)	(4,142)
Accounts payable	6,155	(5,640)
Deferred revenue	(1,750)	1,750
Accrued liabilities	(4,219)	677
Net cash provided (used) by operating activities	<u>(82,788)</u>	<u>211,633</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP loan	<u>35,144</u>	<u>33,853</u>
Net cash provided by financing activities	<u>35,144</u>	<u>33,853</u>
 NET CHANGE IN CASH AND CASH EQUIVALENTS	 (47,644)	 245,486
 CASH AND CASH EQUIVALENTS, beginning of year	 <u>389,325</u>	 <u>143,839</u>
 CASH AND CASH EQUIVALENTS, end of year	 <u><u>\$ 341,681</u></u>	 <u><u>\$ 389,325</u></u>

** Prior year information is summarized and included for comparative purposes only*

See Accompanying Notes to the Financial Statements

United Way of North Idaho, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

United Way of North Idaho, Inc.'s (the "Organization") stated purposes are to develop financial support to maximize the resources available to agencies for services aimed at the most urgent needs of the community and to assess, on a continuing basis, the need for human service programs. The Organization receives support from individuals, businesses, and other entities in the 5 northern counties of Idaho.

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Board Accounting Standards Codification, *Not-for-Profit Entities* (FASB ASC 958). Under FASB 958, the Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of management and the board of directors. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Net Assets With Donor Restrictions – Net Assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization, or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds to be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Prior Year Information Presentation

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's prior year financial statements, from which the summarized information was derived.

United Way of North Idaho, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash balances rarely exceed FDIC insured limits.

Contributions/Promises to Give

Contributions received and promises to give are recorded as either increases in net assets without donor restrictions or increases in net assets with donor restrictions, depending on the existence of and/or nature of any donor-imposed restrictions. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Annual campaigns are conducted to raise support for allocations to participating agencies in the following year. Each campaign lasts approximately 12 months. A majority of the campaign is conducted from September of the current year to January of the following year.

The Organization accounts for campaign contributions in accordance with the provisions of Accounting Standards Codification (ASC) Section 958 in which promises to give are recorded as revenue when made and allowances are recorded for amounts estimated to be uncollectible. The Organization carries its promises to give receivables at the donor-pledged dollar amount, less an estimated allowance for uncollectible amounts. Pledges are written off against the allowance account as they become uncollectible. Allowances were established at \$20,000 and \$15,000 at June 30, 2021 and 2020, respectively.

Property and Equipment

Acquisitions of property and equipment in excess of \$1,000 have been capitalized and recorded at cost. Depreciation is provided over the estimated useful life of each asset and is computed using the straight-line method. Gifts of long-lived assets such as land, building, or equipment are recorded as unrestricted support unless donor restrictions specify how or when the assets are to be used. Gifts of cash and other assets that must be used to acquire long-lived assets are reported as restricted support. Absent donor-imposed stipulations about how those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

United Way of North Idaho, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Designations

Some donations pledged to the Organization are designated by the resource provider to be distributed to other 501(C)(3) nonprofit organizations. The Organization maintains a liability (Designations Payable) to account for this obligation. Upon receipt of these donations, and after verification of IRC 501(C)(3) status, the Organization distributes the funds per the donors' request.

Donated Services

The value of donated professional IT, advertising, program materials, and other services included as in-kind support in the financial statements for the years ended June 30, 2021 and 2020 was \$25,132 and \$7,873, respectively. These in-kind revenues are offset by a corresponding in-kind expense and recorded in their natural expense category (i.e., advertising or information technology).

A substantial number of volunteers have contributed significant amounts of their time to the Organization's programs and activities. The value of this contributed time is not reflected in these financial statements since they do not meet the criteria for recognition under FASB 958-605-25-16 *Not-for-Profit Entities- Contributed Services*.

Advertising Expenses

Advertising expenses are charged to expense as incurred. Advertising costs were \$4,711 and \$4,560 for the years ended June 30, 2021 and 2020, respectively, and are included in Marketing and Education expense line item in the accompanying statement of functional expenses.

Concentration of Credit Risk

Financial instruments that potentially expose the Organization to concentrations of credit risk principally consist of cash and cash equivalents. The Organization's cash balances rarely, if ever, exceed federally insured limits. The Organization maintains its cash and cash equivalents with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Functional Allocation of Expenses

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the accompanying statements of activities. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the functions benefited based on management's estimate.

Management and general administration expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

United Way of North Idaho, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

Income Taxes and Uncertain Tax Positions

The Organization is exempt from federal income taxes under Section 501-(C)(3) of the Internal Revenue Code and from state taxes under similar provisions of state law. Accordingly, no provision for income taxes is made in the financial statements. However, the Internal Revenue Code may subject an organization to tax on unrelated business taxable income. It is management's opinion that the Organization had no unrelated business taxable income activity during the year ended June 30, 2021. As of June 30, 2021, open tax years subject to potential examination by tax authorities include 2018 through 2021. There are currently no tax years that are under examination by federal or state tax authorities.

In accordance with generally accepted accounting principles, the Organization is required to disclose certain information regarding potential liabilities regarding its tax positions it currently takes or has taken in prior years. There are no unrecognized tax benefits or liabilities that need to be recognized during the current year or due to a tax position taken in a prior year. If the Organization were to have a potential liability for such taxes, it would also accrue interest and penalties as a liability in the financial statements. Management has evaluated the positions reflected in the Organization's tax filings and does not believe that any material uncertain tax positions exist.

Fair Value

The Organization's financial instruments consist of cash, accounts payable, and accrued expenses. The recorded values of these assets and liabilities approximate their fair values based on their short-term nature.

NOTE 2: PROMISES TO GIVE

Promises to give are stated at gross amounts, net of an estimated allowance for uncollectible promises. Net promises to give as of June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Promises to give, gross	\$ 56,663	\$ 74,099
Designations receivable	1,834	1,606
Total promises to give	58,497	75,705
Less: allowance for uncollectible	(20,000)	(15,000)
Net promises to give	<u>\$ 38,497</u>	<u>\$ 60,705</u>

NOTE 3: PENSION PLAN

The Organization has implemented a Simple retirement plan for all eligible employees. Employees are eligible to participate in the retirement plan after 90 days of employment and are fully vested upon entering the Plan. Employer contributions to individual retirement accounts for the years ended June 30, 2021 and 2020 were \$3,672 and \$2,979, respectively.

United Way of North Idaho, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 4: OPERATING LEASE COMMITMENTS

The Organization has an operating lease for office premises. The lease requires monthly payments of \$1,364 during fiscal year ending June 30, 2021 and expires September 2022. Rent expense was \$16,250 and \$15,739 for the fiscal years ending June 30, 2021 and 2020, respectively, and is included in Occupancy expense line item in the accompanying statement of functional expenses.

Future non-cancelable minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 16,737
2023	\$ 4,215
	<u>\$ 20,952</u>

NOTE 5: PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Organization was granted a loan from Mountain West Bank in the amount of \$33,853, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The Organization used the funds for expenses including payroll, group health care benefits, rent, utilities and other eligible costs under the Program. During fiscal year ended June 30, 2021, the Organization applied for loan forgiveness per the terms of the Program and the entire loan amount was formally forgiven. Accordingly, the Organization has reported the loan forgiveness as a gain in the accompanying statement of activities.

Additionally, the Organization applied for and received a second round of PPP funding in fiscal 2021 in the amount of \$35,144. The new loan bears interest at a rate of 1.0% per annum and is payable in equal monthly payments of principal and interest commencing July 2022 until fully repaid in March 2026. Consistent with the terms of the original PPP loan, funds from the loan may be used for payroll costs, costs used to continue group health care benefits, rent, utilities, and other eligible costs under the Program. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. While the Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, it cannot be assured that it will not take actions that could cause the Organization to be ineligible for forgiveness of the loan, in whole or in part.

United Way of North Idaho, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

NOTE 6: NET ASSETS

At June 30, 2021 and 2020, the Organization had a balance of net assets with donor restrictions which were purpose-restricted for the following programs/initiatives:

	<u>2021</u>	<u>2020</u>
Education Impact	\$ 13,767	\$ 22,756
Covid Relief Fund	24,964	76,362
Childcare	72,386	-
United Way Worldwide Covid Response	91	15,508
Financial Stability	1,500	-
Health	590	-
Total Net Assets with Donor Restrictions	<u>\$ 113,298</u>	<u>\$ 114,626</u>

Board Designated Net Assets

During the fiscal year ended June 30, 2019, the Organization's board of directors implemented a policy to establish a cash liquidity reserve. The intent of the liquidity reserve is to build up to, and eventually maintain, a reserve of approximately 6 months' operating expenditures in a separate bank account. If necessary, upon board approval, the funds may be used to offset temporary shortages in cash flow due to unexpected delays in the receipt of pledged resources, or unanticipated expenditures. The balance of the liquidity reserve as of June 30, 2021 was \$160,564, and is presented in the net assets without donor restrictions category on the accompanying statement of financial position.

NOTE 7: LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Organization has \$380,178 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures consisting of \$341,681 in cash and \$38,497 in net promises to give. While \$113,298 of these financial assets are subject to donor purpose restrictions (see Footnote 6), management considers the purposes for which these net assets are restricted to be related to significant programs of the Organization, and expects that these amounts will be expended within one year. Accordingly, management has not subtracted this amount in calculating financial assets available to meet cash needs for general expenditures within one year. As part of its liquidity management, the Organization budgets annually for anticipated monthly cash flow needs in order to ensure that sufficient liquid assets are available as general expenditures become due. The above financial assets include a board designated cash liquidity reserve of \$160,564, which upon board approval, management can access should an unforeseen liquidity need arise.

NOTE 8: SUBSEQUENT EVENTS

Management has evaluated events and transactions occurring subsequent to June 30, 2021 as of November 12, 2021, which is the date the financial statements were available to be issued. Subsequent events occurring after November 12, 2021 have not been evaluated by management. No material events have occurred since June 30, 2021 that would require recognition or disclosure in the financial statements.