FINANCIAL STATEMENTS

MARCH 31, 2024
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2023

UNITED WAY OF SOUTHEAST IDAHO, INC.

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED MARCH 31, 2024
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Southeastern Idaho, Inc.

Opinion

We have audited the accompanying statement of financial position of United Way of Southeastern Idaho, Inc. (a non-profit organization), which comprise the statement of financial position as of March 31, 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Southeastern Idaho, Inc. as of March 31, 2024, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Southeastern Idaho and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

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 Southeastern Idaho's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor’s Responsibility

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 generally accepted auditing standards and *Government Auditing Standards* 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

• Exercise professional judgment and maintain professional skepticism throughout the audit.

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United Way of Southeastern Idaho'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Southeastern Idaho's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

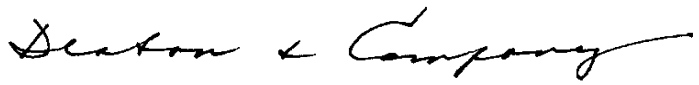
Other Matters

Other Information

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, United Way of Southeastern Idaho, Inc.'s financial statements for the year ended March 31, 2023, which are presented as comparable totals with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise United Way of Southeastern Idaho, Inc.'s financial statements as a whole. The summarized comparative information is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 11, 2024, on our consideration of United Way of Southeastern Idaho, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



Pocatello, Idaho
November 11, 2024

UNITED WAY OF SOUTHEASTERN IDAHO, INC
STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2024
WITH COMPARATIVE TOTALS AS OF MARCH 31, 2023

ASSETS

Current assets:	**2024**	**2023**
Cash and cash equivalents	$ 362,109	$ 901,948
Grants receivable	21,346	37,698
Pledges receivable	648,811	608,001
Current expected credit loss	(141,484)	(122,481)
Prepaid expenses	8,133	6,596
Total current assets	898,915	1,431,762
Equipment:		
Equipment	12,860	12,860
Less accumulated depreciation	10,564	9,237
Total property and equipment	2,296	3,623
Total assets	$ 901,211	$ 1,435,385

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	$ 9,814	$ 31,247
Accrued payroll payables	29,282	47,502
Allocations payable	-	513
Donor designations payable	170,272	175,552
Unearned revenues	49	1,409
Total current liabilities	209,417	256,223
Net assets:		
Without donor restrictions	660,858	853,910
With donor restrictions	30,936	325,252
Total net assets	691,794	1,179,162
Total liabilities and net assets	$ 901,211	$ 1,435,385

UNITED WAY OF SOUTHEASTERN IDAHO, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2024
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2023

	Without Donor Restriction	With Donor Restrictions	Total	2023
Revenues, gains and other support:				
Campaign results:				
Gross campaign	$ 982,284	$ 183,392	$ 1,165,676	$ 916,096
Less:				
Donor designations	-	(183,392)	(183,392)	(158,817)
Recovery of uncollectable campaign pledges	-	-	-	3,316
Net campaign results	982,284	-	982,284	760,595
Equipment:	17,327	-	17,327	7,412
Service fees	5,000	-	5,000	-
Grant revenue	-	495,070	495,070	861,050
Special events and other income	4,383	-	4,383	149,523
Net assets released from restriction	789,386	(789,386)	-	-
Total revenues, gains, and other support	1,798,380	(294,316)	1,504,064	1,778,580
Expenses:				
Allocations to agencies	683,826	-	683,826	614,191
Less: allocations funded by donor designations	(183,392)	-	(183,392)	(158,817)
Total allocations	500,434	-	500,434	455,374
Program services	1,240,161	-	1,240,161	1,118,400
Fundraising	64,517	-	64,517	58,183
Management and general	129,034	-	129,034	116,365
Total functional expenses	1,934,146	-	1,934,146	1,748,322
Other expenses:				
Bad debt expense	49,386	-	49,386	30,330
National dues	7,901	-	7,901	20,799
Total other expenses	57,287	-	57,287	51,129
Total expenses	1,991,433	-	1,991,433	1,799,451
Change in net assets	(193,052)	(294,316)	(487,368)	(20,871)
Net assets at beginning of year	853,910	325,252	1,179,162	1,200,033
Net assets at end of year	$ 660,858	$ 30,936	$ 691,794	$ 1,179,162

UNITED WAY OF SOUTHEASTERN IDAHO, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2024
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2023

	Allocations and Program Services	Supporting Services: Fund-Raising	Supporting Services: Management and General	Total	2023
Allocations to agencies	$ 683,826	$ -	$ -	$ 683,826	$ 614,191
Salaries	623,961	32,460	64,921	721,342	442,720
Employee benefits	47,416	2,467	4,933	54,816	75,926
Payroll taxes	42,311	2,201	4,402	48,914	44,840
Campaign expenses	30,866	1,606	3,211	35,683	21,181
Conferences/training	8,110	422	844	9,376	12,055
Insurance	1,827	95	190	2,112	2,112
Audit and legal	18,533	964	1,928	21,425	8,375
Advertising and public awareness	13,409	698	1,395	15,502	1,004
Office expense	12,072	628	1,256	13,956	11,437
Postage	359	19	37	415	543
Special Program expenses	333,471	17,348	34,696	385,516	613,186
Dues and subscriptions	48,180	2,506	5,013	55,700	15,997
Auto and travel	22,848	1,189	2,377	26,414	4,434
Rent	32,102	1,670	3,340	37,112	33,398
Telephone	3,548	185	369	4,102	4,413
Total program expenses before depreciation	1,239,013	64,457	128,915	1,432,385	1,291,621
Depreciation expense	1,148	60	119	1,327	1,327
Total allocations and functional expenses	$ 1,923,987	$ 64,517	$ 129,034	$ 2,117,538	$ 1,907,139

UNITED WAY OF SOUTHEASTERN IDAHO, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2023

Cash flows from operating activities:	**2024**	**2023**
Change in net assets	$ (487,368)	$ (20,871)
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	$ 1,327	$ 1,327
Bad debt expense	49,386	30,330
(Increase) decrease in grants receivable	16,352	13,007
(Increase) decrease in pledges receivable	(71,193)	(70,412)
(Increase) decrease in prepaid expenses	(1,537)	2,794
Increase (decrease) in allocations payable	(5,793)	48,806
Increase (decrease) in accounts payable	(21,433)	(6,833)
Increase (decrease) in accrued payables	(18,220)	13,425
Increase (decrease) in deferred revenue	(1,360)	1,409
Total adjustments	(52,471)	33,853
Net cash provided (used) by operating activities	(539,839)	12,982
Cash flows from investing activities:		
Payments for property and equipment	-	-
Net cash provided by investing activities	-	-
Cash flows from financing activities		
Net increase in cash and cash equivalents	(539,839)	12,982
Cash and cash equivalents, beginning of year	901,948	888,966
Cash and cash equivalents, end of year	$ 362,109	$ 901,948
Supplemental disclosures:		
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -
Non-cash transactions	$ -	$ -

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

United Way of Southeastern Idaho, Inc. (United Way) is a nonprofit corporation that was formed in 1954 to meet the community's human services needs. United Way's work impacts lives in the seven southeastern-most counties of Idaho.

Annual fund raising campaigns are mainly conducted in the fall of each year to support programs primarily in the subsequent year. Campaign contributions are used to support local health and human services programs of local partner agencies and those that United Way operates, and include corporate gifts to pay United Way's operating expenses. Donors may designate their pledges to any 501(c)(3) nonprofit that does not discriminate or promote terrorism. Community care pledges are pooled and are strategically invested in local health and human services programs.

Annual fall campaign results are reduced by pledges collected on behalf of others or pledged to a specific organization, and by a provision for uncollectible pledges. The resulting net campaign results are reflected as temporarily restricted in the accompanying statement of activities as the amounts are to be expended in the following year. Prior year campaign results are reflected as net assets released from restrictions in the current year statement of activities. Net campaign results are invested in community programs at the completion of the campaign.

Basis of Presentation

The accompanying financial statements of United Way are presented on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: those with donor restrictions and those without donor restrictions. As permitted, fund accounting is not used.

Net assets, revenues, expenses, gains, and losses of United Way are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of United Way and changes therein are reported as follows:

Net assets with donor restrictions represent the part of net assets whose use is limited by donor-imposed

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits and all short-term unrestricted highly liquid debt instruments purchased with maturity of three months or less.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pledges Receivable

Contributions from campaigns are recorded as revenue when United Way is notified in writing of a pledge that is, in substance, unconditional. Donor designations are recognized as a receivable and payable at the time the pledge is made to United Way.

Annual campaigns are predominantly conducted in the fall. The total results from the annual campaign are reduced by promises to give collected on behalf of others (donor designations) and by a provision for amounts promised but not paid (uncollectible promises to give).

Differences between amounts provided for uncollectible promises to give in each campaign and actual losses are an accounting adjustment in the year following the campaign.

Current Expected Credit Loss - Promises to Give

Campaign pledges less the allowance for credit losses are expected to be received within one year. The current expected credit loss for promises to give is an estimate based on management's evaluation of the collectability of existing promises to give. The provision is based on the prior campaign collection experience and any new market conditions. Management expects a credit loss of five percent of total campaign pledges for the current year. Any pledges remaining from prior years are expected to be one hundred percent uncollectable.

Property and Equipment

Fixed assets owned and used in operations are included in the unrestricted fund and are recorded at cost. The Organization follows the practice of capitalizing all expenditures for equipment in excess of $1,000. Depreciation expense is recorded by using the straight-line method over the estimated useful lives of the assets, which range from 5 to 10 years.

Functional Allocation of Expenses

The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, gains, support and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Designated pledges

United Way has adopted the standard which requires that campaign contributions designated by the donor for a specific organization cannot be included in campaign revenue, nor can the payment of such contributions to the designated organization be included in expenses. Instead, United Way records cash or a receivable from the donor and a liability to the designated beneficiary.

Reclassification

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE 2 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject United Way to concentrations of credit risk consist primarily of the following:

Pledges Receivable

Substantially all of pledges receivable are from individuals and businesses in the Pocatello and Blackfoot areas. Concentrations of credit risk may be limited due to the large number of donors comprising United Way's donor base, however the collection of the receivables may be affected by the economy of the cities.

Cash

United Way maintains bank accounts at various financial institutions. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. As of March 31, 2024, there was $47,141 uninsured.

NOTE 3 - RETIREMENT PLAN

The Corporation has adopted a salary reduction simplified employee pension plan covering all eligible employees. Employer contributions at 6% of compensation amounted to $24,133 and $19,818 for the years ended March 31, 2024 and 2023, respectively.

NOTE 4 - INCOME TAXES

United Way is a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the financial statements.

NOTE 5 - PLEDGES RECEIVABLE

The current expected credit loss for campaign pledges were estimated at $49,386. During the year, $1,531 was recovered from prior year uncollectibles.

NOTE 6 - DONOR RESTRICTED

During the year, the Organization released $789,386 in donor restricted assets. The release of restrictions were recognized when time and/or designation restrictions were met.

At year end the donor restricted assets of $30,936 represent donor restricted contributions from federal grants.

Donor designated assets are recorded as payables when pledged.

NOTE 7 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's primary sources of income are contributions and grant revenues. A portion of that support is required to be used in accordance with the purpose restrictions imposed by the donor. Donor restricted support has historically funded 25% of annual program activities, with the remainder funded by income without donor restrictions.

Financial assets available within one year and free of donor restrictions:

Cash and cash equivalents	$ 362,109
Promises to give	648,811
	$ 1,010,920
Less those unavailable for general expenditures within one year, due to:	
Donor restrictions	(30,936)
Financial assets available to meet cash needs for general expenditures within one year	$ 979,984

NOTE 8 - LEASE EXPENSE

The Organization entered into a five year multi-year lease agreement for office space in February 2020. The lease requires monthly payments of $2,752 per month. There was not a rent adjustment for the 2023-2024 fiscal year.

NOTE 9 - CAMPAIGN RESULTS

Net campaign results are invested in local community impact programs at the completion of the campaign. Total campaign pledges for the year were $981,270 of which $648,810 is uncollected at year end. Of the amount not collected, it is estimated that $141,384 will not be collectible. The organization also expended $385,516 in program services as reflected in the same statement. In addition, donor designations payables totaled $170,272.

NOTE 10 - ADVERTISING

The Organization uses advertising to educate the public about its programs among the community it serves. The production costs of advertising are expensed as incurred. At year-end, advertising costs totaled $15,502.

NOTE 11 - SUBSEQUENT EVENTS

Management evaluated subsequent events up to November 11, 2024, the date the financial statements were available to be issued.

NOTE 12 - OPEN TAX YEARS

The Organization has been classified as an other-than private foundation and is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. The Organization is subject to a tax on income from any unrelated business.

The Organization adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken on a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Organization's financial condition, results of operations, or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at March 31, 2024.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2020.

The Organization's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
United Way of Southeastern Idaho, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way of Southeastern Idaho (a nonprofit organization), which comprise the statement of financial position as of March 31, 2024, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 11, 2024.

Report on Internal control over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way of Southeastern Idaho's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Way of Southeastern Idaho's internal control. Accordingly, we do not express an opinion on the effectiveness of United way of southeastern Idaho's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned as item 2024-001 to be a material weakness.

Report on Compliance and Other Matters

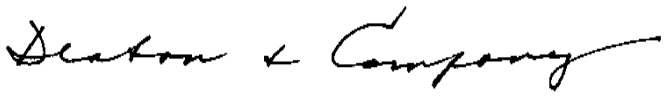
As part of obtaining reasonable assurance about whether United Way of Southeastern Idaho's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

United Way of Southeastern Idaho's response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on United Way of Southeastern Idaho's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. United Way of Southeastern Idaho's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Pocatello, Idaho
November 11, 2024

UNITED WAY OF SOUTHEASTERN IDAHO
SCHEDULE OF FINDINGS AND RESPONSES
MARCH 31, 2024

Findings

2024-001 Internal control – Pledges Receivable

Criteria and Condition: Management is responsible to ensure controls are in place to accurately record and report all financial transactions in a timely manner.

Context: During the audit, it was discovered that pledges receivable recorded in the Organization's donor system did not reconcile to the pledges recorded in the financial statements. The result was that campaign revenue was overstated in the financial statements by more than $150,000.

Cause: The policies and procedures set forth by United Way of Southeastern Idaho regarding the timely reconciliation of pledge balances in the donor system with those recorded in the accounting software did not account for changes made to the donor system after a monthly reconciliation had occurred.

Recommendation: It is recommended that the board review their policies and procedures to ensure proper controls over the reporting and recording of pledges and designated revenues.

Management Response: The overstatement of campaign revenue in the financial statements by over $150,000 was the result of limitations within the Organization’s donor system (UPIC). Specifically, the current donor system requires that the accounts receivable report for the fiscal year be pulled within day(s) of the fiscal year-end. Due to these constraints, an unlikely circumstance occurred in which an entry was made in the donor system within a 24-hour window, after the AR report was generated but before the data was finalized in the accounting system.

To prevent similar occurrences in the future, UWSEI has already implemented several process improvements. We are actively collaborating with the donor system's technical team to create a reporting feature that allows report generation based on a defined date range, independent of the time it is generated. This enhancement will ensure greater accuracy in capturing pledges receivable data without being impacted by timing constraints. Additionally, we have introduced an extra layer in the reconciliation process between the donor and accounting systems. This additional review step provides further confidence that any discrepancies will be identified and resolved promptly, ensuring accurate financial reporting going forward.

UNITED WAY OF SOUTHEASTERN IDAHO
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
MARCH 31, 2023

Findings

No findings