

UNITED WAY OF MAHASKA COUNTY

INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS

DECEMBER 31, 2022

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United Way of Mahaska County

Board of Directors 2022

<u>Name</u>	<u>Title</u>	<u>Term</u>
Maria DeStefano	President	Feb 2020 – Dec 2022 (resigned June 2022)
Angella Foster	Vice President	Feb 2020 – Dec 2022
Courtney Perreault	Secretary	June 2019 – Dec 2022
Choua Sayaxang	Treasurer	Jan 2021 – Dec 2023
Ryan Colter	Past President	Jan 2018 – Dec 2023
Roger Beane	Board Member	Jan 2020 – Dec 2022
Dan Gillette	Board Member	Feb 2020 – Dec 2022
Nate Harris	Board Member	Jan 2021 – Dec 2023
Melinda Walter	Board Member	Jan 2021 – Dec 2023
Jane Krutzfeldt	Board Member	Jan 2022 – Dec 2024
Haley VanDerPol	Board Member	Jan 2022 – Dec 2024
Micaela Van Zee	Board Member	Jan 2022 – Dec 2024
Cassie Veldhuizen	Board Member	Jan 2022 – Dec 2024
Christopher Moody	Board Member	June 2022 – Dec 2022 (appointed June 2022)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
United Way of Mahaska County

Opinion

We have audited the accompanying financial statements of United Way of Mahaska County (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Mahaska County as of December 31, 2022, and the changes in net assets and its cash flows for the year then ended in accordance 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 Mahaska County 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Mahaska County'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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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, including omissions, 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 Mahaska County'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 Mahaska County'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.

Report on Comparative Information

We have previously reviewed the financial statements for the year ended December 31, 2021, for United Way of Mahaska County. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the Financial Statements as a whole. Accordingly, we did not express such an opinion. Based on our review, we are not aware of any material modifications that should be made to the December 31, 2021, financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Terpstra Hoke and Associates P.C.

Knoxville, Iowa
May 24, 2023

UNITED WAY OF MAHASKA COUNTY
STATEMENT OF FINANCIAL POSITION
December 31, 2022 and 2021

	<u>2022</u> <u>(Audited)</u>	<u>2021</u> <u>(Unaudited)</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 230,647	\$ 161,103
Investments	71,872	71,828
Prepaid expenses	1,870	2,397
Accounts receivable	-	3,396
Interest receivable	30	29
Unconditional promises to give, less allowance for uncollectible promises of \$7,400	320,436	300,736
Inventory	<u>4,368</u>	<u>4,996</u>
Total current assets	<u>629,223</u>	<u>544,485</u>
Property and equipment:		
Equipment	9,438	9,438
Less accumulated depreciation	<u>8,262</u>	<u>6,716</u>
	<u>1,176</u>	<u>2,722</u>
Total assets	<u>\$ 630,399</u>	<u>\$ 547,207</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 2,174	\$ 1,666
Designated gifts payable	1,392	1,697
Grants payable	25,000	-
Accrued expenses:		
Sales tax	115	-
Payroll taxes and withholdings	2,711	2,732
Wages	<u>3,272</u>	<u>3,576</u>
Total current liabilities	<u>34,664</u>	<u>9,671</u>

UNITED WAY OF MAHASKA COUNTY
 STATEMENT OF FINANCIAL POSITION
 December 31, 2022 and 2021

	<u>2022</u> <u>(Audited)</u>	<u>2021</u> <u>(Unaudited)</u>
LIABILITIES AND NET ASSETS (continued)		
Net assets:		
Unrestricted:		
Board designated for reserve	\$ 71,872	\$ 71,828
Board designated for operations	185,064	163,480
Undesignated	<u>306,780</u>	<u>282,869</u>
Total unrestricted net assets	<u>563,716</u>	<u>518,177</u>
With donor restrictions	<u>32,019</u>	<u>19,359</u>
Total net assets	<u>595,735</u>	<u>537,536</u>
Total liabilities and net assets	<u>\$ 630,399</u>	<u>\$ 547,207</u>

See accompanying notes to financial statements.

UNITED WAY OF MAHASKA COUNTY

STATEMENT OF ACTIVITIES
Years Ended December 31, 2022 and 2021

	2022 <u>(Audited)</u>	2021 <u>(Unaudited)</u>
PUBLIC SUPPORT AND REVENUES:		
Gross campaign results	\$ 344,076	\$ 335,397
Less donor designations	<u>(1,392)</u>	<u>(3,819)</u>
Campaign revenues before uncollectible promises	342,684	331,578
Less uncollectible promises	<u>(4,513)</u>	<u>(3,408)</u>
Net campaign results	338,171	328,170
In-kind donations	10,415	7,909
Other contributions	27,233	18,393
Event income	14,101	-
Grants	9,332	-
Interest	238	207
Miscellaneous	<u>-</u>	<u>398</u>
Total public support and revenues	<u>399,490</u>	<u>355,077</u>
OPERATING EXPENSES:		
Program Services:		
Gross annually funded programs	151,201	190,178
Less donor designations	<u>(3,819)</u>	<u>(8,183)</u>
Net annually funded programs	147,382	181,995
Special grants	28,500	1,500
United Way initiatives	69,799	65,530
Community impact efforts	-	1,247
Total program services	<u>245,681</u>	<u>250,272</u>

UNITED WAY OF MAHASKA COUNTY

STATEMENT OF ACTIVITIES
 Years Ended December 31, 2022 and 2021

	2022 <u>(Audited)</u>	2021 <u>(Unaudited)</u>
OPERATING EXPENSES (continued):		
Supporting Services:		
Salaries and payroll taxes	\$ 58,149	\$ 49,246
Campaign/fundraising	7,913	3,795
Marketing/outreach	6,328	2,594
Professional development	524	-
Insurance	1,978	1,769
Accounting fees	4,400	4,200
Office equipment	-	881
Office expense in-kind	1,068	969
Supplies	1,730	837
Rent-in-kind	6,000	6,000
United Way Worldwide dues	4,334	5,489
United Way of Iowa dues	412	403
Depreciation	1,546	1,546
Miscellaneous	1,228	1,546
Total supporting services	<u>95,610</u>	<u>79,275</u>
Total operating expenses	<u>341,291</u>	<u>329,547</u>
Change in net assets	58,199	25,530
Net assets beginning of year	<u>537,536</u>	<u>512,006</u>
Net assets end of year	<u>\$ 595,735</u>	<u>\$ 537,536</u>

See accompanying notes to financial statements.

UNITED WAY OF MAHASKA COUNTY

STATEMENT OF CASH FLOWS
Years Ended December 31, 2022 and 2021

	<u>2022</u> <u>(Audited)</u>	<u>2021</u> <u>(Unaudited)</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 58,199	\$ 25,530
Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities:		
Depreciation	1,546	1,546
(Increase) decrease in prepaid expenses	527	(672)
(Increase) decrease in accounts receivable	3,396	(643)
(Increase) decrease in interest receivable	(1)	13
(Increase) in unconditional promises to give	(19,700)	(41,627)
Decrease in inventory	628	1,942
Increase (decrease) in accounts payable	508	(126)
(Decrease) in designated gifts payable	(305)	(3,498)
Increase in grants payable	25,000	-
Increase (decrease) in accrued expenses	<u>(210)</u>	<u>200</u>
Net cash provided by (used by) operating activities	<u>69,588</u>	<u>(17,335)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of certificate of deposit	<u>(44)</u>	<u>(59)</u>
Net increase (decrease) in cash and cash equivalents	69,544	(17,394)
Cash and cash equivalents beginning of year	<u>161,103</u>	<u>178,497</u>
Cash and cash equivalents end of year	<u>\$ 230,647</u>	<u>\$ 161,103</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH OPERATING ACTIVITIES		
Receipt of in-kind donations and the related expenses	<u>\$ 10,415</u>	<u>\$ 7,909</u>

See accompanying notes to financial statements.

UNITED WAY OF MAHASKA COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activities

The United Way of Mahaska County (UWMC) is a centralized fundraising organization serving the Mahaska County area, whose mission is “empowering our community by promoting education, encouraging healthy living, and strengthening financial stability,” and whose vision is “improve lives for a better tomorrow”. UWMC was founded on February 20, 1963. UWMC directs campaign contributions to a wide variety of charitable organizations within Mahaska County based on criteria set out by the directing board. A Board of Directors oversees activities, allocations, and all other organizational functions of UWMC. This Board consisted of fourteen volunteer members during the year ended December 31, 2022, including five members of the Executive Committee which oversees daily functions and hires and approves employees. The Board decides yearly allocations to various agencies within Mahaska County based on applications completed by those agencies, using guidelines set out by the Board. UWMC’s support comes primarily from individual and corporate donors’ contributions.

United Way of Mahaska County is a nonprofit organization as described in Section 501(c) (3) of the Internal Revenue Code and is exempt from federal and state income taxes. UWMC annually files a Form 990 Return of an Organization Exempt from Income Tax with the Internal Revenue Service. UWMC biennially files a Biennial Report with the Office of the Iowa Secretary of State.

Public Support and Revenue

Annual campaign contributions are generally available for undesignated use in the related campaign year unless specifically restricted or designated by the donor. Unconditional promises to give are recorded as received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. The majority of the promises to give are received from a broad base of Mahaska County contributors as a result of the annual campaign. An allowance for uncollectible promises is provided based on management’s evaluation of potential uncollectible promises to give at year end, which is based on a historical average.

Contributions of donated noncash assets are recorded at their fair values in the period received.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

United Way of Mahaska County considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

UNITED WAY OF MAHASKA COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

Note 1. Summary of Significant Accounting Policies (continued)

Investments

Investments are composed of time certificates of deposit carried at cost.

Furniture and Equipment

Furniture and equipment are capitalized at cost. United Way of Mahaska County capitalizes expenses for these items in excess of \$1,000. Lesser amounts are expensed in the current period. Furniture and equipment are being depreciated over estimated useful lives of three to seven years using a straight-line method, with a half of a year's depreciation recognized in the years of acquisition and disposal.

In-kind Donations

In-kind donations are recognized at their fair values on the date received.

Note 2. Investments

The following methods and assumptions were used by United Way of Mahaska County to estimate the fair value disclosures for financial instruments:

Investments: The fair values of investments are based on quoted market prices for those similar investments or are stated at cost for time certificates of deposit.

Investments are summarized as follows:

	2022 <u>(Audited)</u>	2021 <u>(Unaudited)</u>
Time Certificates of Deposit	\$ 71,872	\$ 71,828

Note 3. Unconditional Promises to Give

Unconditional promises to give are as follows:

	2022 <u>(Audited)</u>	2021 <u>(Unaudited)</u>
Receivable in less than one year	\$ 327,836	\$ 308,136
Less allowance for uncollectible promises	<u>7,400</u>	<u>7,400</u>
Net unconditional promises to give	<u>\$ 320,436</u>	<u>\$ 300,736</u>

UNITED WAY OF MAHASKA COUNTY

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

Note 4. Designated Gifts Payable

Designated gifts payable represent pledges for the year that were designated to specific agencies by the donors at the time of the pledge. Designated gifts payable totaled \$1,392 and \$1,697 at December 31, 2022 (audited) and 2021 (unaudited), respectively.

Note 5. Designation of Net Assets

The Board of Directors for United Way of Mahaska County has designated net assets for the purpose of a reserve fund to accommodate any unforeseen emergency situations, interruptions of cash flows, or other financial reversals. The policy reserves an amount equal to or greater than 25% of current agency allocations. The 2022 (audited) designation of net assets of \$71,872 represents 48.8% of the 2022 agency allocation total of \$147,382, which complies with the Organization's policy. The 2021 (unaudited) designation of net assets of \$71,828 represents 39.5% of the 2021 agency allocation total of \$181,995, which complies with the Organization's policy.

The amount shown as designated for operations of \$185,064 for 2022 (audited) represents the amount approved by the Board for operating expenses in the 2023 budget less the donor restricted amounts.

The amount shown as designated for operations of \$163,480 for 2021 (unaudited) represents the amount approved by the Board for operating expenses in the 2022 budget less the donor restricted amounts.

Note 6. Net Assets with Donor Restrictions

Net assets with donor restrictions are subject to the following purpose restrictions:

	2022 <u>(Audited)</u>	2021 <u>(Unaudited)</u>
Restricted for:		
Take-along food	\$ 2,500	\$ -
Day of Caring	11,363	-
COVID-19 relief	-	3,234
Operation backpack	<u>18,156</u>	<u>16,125</u>
Total net assets with donor restrictions	<u>\$ 32,019</u>	<u>\$ 19,359</u>

Note 7. Donated Services

United Way of Mahaska County receives a significant amount of donated services from unpaid volunteers who assist in fund-raising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition under SFAS No. 116 have not been satisfied.

UNITED WAY OF MAHASKA COUNTY

NOTES TO FINANCIAL STATEMENTS.

December 31, 2022

Note 8. Risk Management

Any off balance sheet risks would be those common to a fundraising organization. United Way of Mahaska County purchases commercial insurance to cover these risks as well as employee dishonesty.

The total funds held by depository institutions as of December 31, 2022 were adequately covered by the Federal Deposit Insurance Corporation maximum coverage limit of \$250,000.

Note 9. Subsequent Events

United Way of Mahaska County's management has evaluated subsequent events through May 24, 2023, the date the financial statements were available to be issued.

Note 10. Liquidity

As part of the organization's liquidity management, the Board bases its annual operating budget upon campaign results from the previous year. The Board considers the economic climate of the country and the community, as well as any unusual expenses that may occur in the near future. If deemed necessary, amounts budgeted for expenses during the current year may be adjusted in anticipation of changes in cash flow. In addition, the organization maintains the reserve in short-term CD's that can be accessed if needed. This reserve was \$71,872 and \$71,828 at December 31, 2022 (audited) and 2021 (unaudited), respectively (see Note 2).

Donor restricted funds that have been carried over from the previous year are considered available to use in the current year for those purposes alone. Any amounts not expended in the current year will be carried over to future years. Net Assets with Donor Restrictions totaled \$32,019 and \$19,359 at December 31, 2022 (audited) and 2021 (unaudited), respectively (see Note 6).

As of December 31, 2022 and 2021, all financial assets are deemed available for use within one year for general expenses such as operating expenses, program expenses and community investment.

TERPSTRA HOKE and ASSOCIATES P.C.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE

To the Board of Directors of
United Way of Mahaska County
Oskaloosa, Iowa

In planning and performing our audit of the financial statements of United Way of Mahaska County for the year ended December 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered United Way of Mahaska County'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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, we did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.

Terpstra Hoke and Associates P.C.

Knoxville, Iowa
May 24, 2023

