

United Way of the Midlands
Independent Auditor's Report, Financial
Statements and Required Single Audit Information
June 30, 2021

United Way of the Midlands
June 30, 2021
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Independent Auditor's Report

Board of Directors
United Way of the Midlands
Omaha, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of the Midlands, 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we 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, we 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 evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of the Midlands 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.

Report on Summarized Comparative Information

We have previously audited the United Way of the Midlands 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 24, 2020. In our 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* listed in the table of contents is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated October 4, 2021, on our consideration of United Way of the Midlands' 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 solely 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 effectiveness of United Way of the Midlands' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way of the Midlands' internal control over financial reporting and compliance.

BKD, LLP

Omaha, Nebraska
October 4, 2021

United Way of the Midlands
STATEMENT OF FINANCIAL POSITION
As of June 30, 2021
(with comparative totals as of June 30, 2020)

	<u>FY2021</u>	<u>FY2020</u>
ASSETS		
Cash and cash equivalents	\$ 4,388,412	\$ 2,648,481
Cash held for others	-	939
Contributions receivable - 2020 campaign (less uncollectible allowance of \$493,380)	4,585,490	-
Contributions receivable - 2019 campaign (less uncollectible allowance of \$0 and \$850,515, respectively)	31,034	4,260,062
Contributions receivable - 2018 campaign (less uncollectible allowance of \$0)	-	119,473
Other assets and prepaid expenses	982,625	319,258
Investments	11,346,307	10,049,110
Beneficial interest in net assets held by the Omaha Community Foundation	2,318,441	2,068,690
Leasehold improvements and equipment (net of accumulated depreciation of \$1,287,364 and \$1,089,510, respectively)	1,727,137	1,338,875
Total assets	<u>\$ 25,379,446</u>	<u>\$ 20,804,888</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 325,563	\$ 178,375
Accrued payroll and related liabilities	483,443	316,246
Refundable advances	355,995	795,976
Deferred revenue	656,414	657,634
Goodfellows undistributed allocations and designations payable	58,500	-
Undistributed allocations and designations payable for the prior period campaign	662,561	149,756
Undistributed allocations and designations payable for the current period campaign	10,203,819	6,955,940
Total liabilities	<u>12,746,295</u>	<u>9,053,927</u>
NET ASSETS		
Without donor restrictions		
Board designated reserves	6,785,898	6,507,538
Board designated reserves for Goodfellows	385,000	-
Board designated for Goodfellows	767,100	-
Quasi endowment	3,159,833	2,469,673
Operating	<u>(3,315,398)</u>	<u>(1,803,933)</u>
Total net assets without donor restrictions	7,782,433	7,173,278
With donor restrictions		
Perpetual in nature	3,425,544	3,425,544
Purpose restrictions	1,083,765	816,639
Time-restricted for future periods	<u>341,409</u>	<u>335,500</u>
Total net assets with donor restrictions	4,850,718	4,577,683
Total net assets	<u>12,633,151</u>	<u>11,750,961</u>
Total liabilities and net assets	<u>\$ 25,379,446</u>	<u>\$ 20,804,888</u>

United Way of the Midlands
STATEMENT OF ACTIVITIES
For the year ended June 30, 2021
(with comparative totals as of FY2020)

	Without Donor Restrictions	With Donor Restrictions	FY2021	FY2020
REVENUE AND OTHER SUPPORT				
Contributions and reclassification				
Campaign contributions for the Fall Campaign				
Contributions received for the current period	\$ 15,740,241	\$ 8,600	\$ 15,748,841	\$ 15,640,396
Contributions for COVID-19 and flood relief disaster	25	-	25	1,416,413
Contributions received for the prior period (net assets released from restriction)	709,849	(709,849)	-	-
Contributions received for the future period	-	255,500	255,500	-
Gross campaign results	16,450,115	(445,749)	16,004,366	17,056,809
Less donor designations	(1,355,237)	-	(1,355,237)	(1,902,751)
Less flood relief disaster designations	(25)	-	(25)	(1,201,084)
Less allowance for uncollectible pledges	(332,476)	-	(332,476)	(811,707)
Total campaign contributions for the current allocation period	14,762,377	(445,749)	14,316,628	13,141,267
Other contributions				
Contributions restricted for offsetting campaign expenses	41,145	-	41,145	45,828
Contributions for special events and miscellaneous	84,305	-	84,305	325,674
Contributed goods and services	698,914	-	698,914	434,715
Total other contributions	824,364	-	824,364	806,217
Total contributions	15,586,741	(445,749)	15,140,992	13,947,484

(Continued)

United Way of the Midlands
STATEMENT OF ACTIVITIES - CONTINUED
For the year ended June 30, 2021
(with comparative totals as of FY2020)

	Without Donor Restrictions	With Donor Restrictions	FY2021	FY2020
REVENUE AND OTHER SUPPORT - CONTINUED				
Government grants	\$ 3,040,840	\$ -	\$ 3,040,840	\$ 381,450
Private grants	326,922	190,153	517,075	470,746
Net investment return	1,155,180	528,631	1,683,811	435,019
Donor designation fees	105,314	-	105,314	126,456
Contract fees	889,187	-	889,187	112,343
Other income	1,676,333	-	1,676,333	15,453
Total revenues and other support	<u>22,780,517</u>	<u>273,035</u>	<u>23,053,552</u>	<u>15,488,951</u>
ALLOCATIONS AND OTHER FUNCTIONAL EXPENSES				
Allocations and designations to agencies	15,155,236	-	15,155,236	9,937,300
Less donor designations	(1,355,237)	-	(1,355,237)	(1,902,751)
Less COVID-19 and flood relief disaster designations	(25)	-	(25)	(1,201,084)
Total allocations	<u>13,799,974</u>	<u>-</u>	<u>13,799,974</u>	<u>6,833,465</u>
Direct community services provided by United Way	6,379,123	-	6,379,123	4,559,078
Total allocations and direct community services	<u>20,179,097</u>	<u>-</u>	<u>20,179,097</u>	<u>11,392,543</u>
Other functional expenses				
Fundraising	1,905,373	-	1,905,373	2,062,608
Management and general	86,892	-	86,892	79,323
Total other functional expenses	<u>1,992,265</u>	<u>-</u>	<u>1,992,265</u>	<u>2,141,931</u>
Total allocations, designations, direct community services and other functional expenses	<u>22,171,362</u>	<u>-</u>	<u>22,171,362</u>	<u>13,534,474</u>
CHANGE IN NET ASSETS	609,155	273,035	882,190	1,954,477
NET ASSETS, BEGINNING OF YEAR	<u>7,173,278</u>	<u>4,577,683</u>	<u>11,750,961</u>	<u>9,796,484</u>
NET ASSETS, END OF YEAR	<u>\$ 7,782,433</u>	<u>\$ 4,850,718</u>	<u>\$ 12,633,151</u>	<u>\$ 11,750,961</u>

United Way of the Midlands
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2021
(with comparative totals as of FY2020)

	Program Services			Support Services			Total	
	Community Impact	Other Program Services	Total Program Services	Fundraising	Management and General	Total Support Services	FY2021	FY2020
Allocations and designation to agencies								
Total allocations and designations to agencies	\$ 15,155,236	\$ -	\$ 15,155,236	\$ -	\$ -	\$ -	\$ 15,155,236	\$ 9,937,300
Less donor designations	(1,355,237)	\$ -	(1,355,237)	-	-	-	(1,355,237)	(1,902,751)
Less COVID-19 and flood relief disaster designations	(25)	-	(25)	-	-	-	(25)	(1,201,084)
Net allocations to agencies	13,799,974	-	13,799,974	-	-	-	13,799,974	6,833,465
Personnel costs								
Salaries	892,806	2,554,052	3,446,858	1,046,517	38,827	1,085,344	4,532,202	3,658,860
Employee benefits	123,242	433,478	556,720	162,454	6,332	168,786	725,506	623,443
Payroll taxes	63,211	170,679	233,890	74,727	2,774	77,501	311,391	264,594
Total personnel costs	1,079,259	3,158,209	4,237,468	1,283,698	47,933	1,331,631	5,569,099	4,546,897
Professional fees	50,845	486,194	537,039	93,955	3,763	97,718	634,757	247,802
Supplies	30,456	41,909	72,365	14,818	893	15,711	88,076	80,616
Telephone	6,776	72,831	79,607	11,231	690	11,921	91,528	51,762
Postage and shipping	2,147	5,437	7,584	6,835	181	7,016	14,600	13,512
Occupancy	62,948	146,879	209,827	106,528	6,456	112,984	322,811	322,394
Equipment leasing and maintenance	15,763	69,550	85,313	26,353	1,597	27,950	113,263	104,702
Printing, publications, and promotion	226,195	483,982	710,177	165,911	14,092	180,003	890,180	600,917
Travel and transportation	2,162	16,310	18,472	3,807	175	3,982	22,454	28,489
Events, conferences and meetings	10,084	31,320	41,404	21,221	851	22,072	63,476	198,912
Organizational dues	5,441	17,106	22,547	12,458	435	12,893	35,440	23,800
Awards and gifts	9,968	22,560	32,528	10,188	820	11,008	43,536	14,534
Insurance	7,394	22,868	30,262	12,512	758	13,270	43,532	42,166
United Way Worldwide membership fee	46,953	109,556	156,509	79,458	4,816	84,274	240,783	212,722
Depreciation	33,535	104,486	138,021	56,400	3,432	59,832	197,853	211,784
Total non-personnel expenses	510,667	1,630,988	2,141,655	621,675	38,959	660,634	2,802,289	2,154,112
Total Functional Expenses	\$ 15,389,900	\$ 4,789,197	\$ 20,179,097	\$ 1,905,373	\$ 86,892	\$ 1,992,265	\$ 22,171,362	\$ 13,534,474

United Way of the Midlands
STATEMENT OF CASH FLOWS
For the year ended June 30, 2021
(with comparative totals as of FY2020)

	<u>FY2021</u>	<u>FY2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 882,190	\$ 1,954,477
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	197,853	211,784
Realized and unrealized gains on investments, net	(1,581,902)	(187,695)
Change in beneficial interests	176,853	163,116
Change in contributions receivable	(236,989)	1,615,355
Change in other assets and prepaid expenses	(663,367)	(8,862)
Change in accounts payable and refundable advances	(347,579)	794,644
Change in accrued payroll and related liabilities	167,197	(34,088)
Change in allowance - tenant improvements	(18,011)	(11,609)
Change in deferred revenue	16,791	-
Change in undistributed allocations and designations payable	<u>3,819,184</u>	<u>(3,270,511)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,412,220</u>	<u>1,226,611</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(531,329)	(71,201)
Purchase of securities	(2,312,992)	(2,861,768)
Proceeds from sale of securities	<u>2,171,093</u>	<u>2,760,029</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(673,228)</u>	<u>(172,940)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,738,992	1,053,671
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,649,420</u>	<u>1,595,749</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,388,412</u>	<u>\$ 2,649,420</u>
RECONCILIATION TO STATEMENT OF FINANCIAL POSITION		
Cash and cash equivalents	\$ 4,388,412	\$ 2,648,481
Cash held for others	-	939
Total cash	<u>\$ 4,388,412</u>	<u>\$ 2,649,420</u>
SUPPLEMENTAL NONCASH ACTIVITIES		
Capital asset acquisitions included in accounts payable	\$ 54,786	\$ -

United Way of the Midlands
NOTES TO FINANCIAL STATEMENTS
For the year ended June 30, 2021

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of United Way of the Midlands (the Organization).

1. Nature of the Organization

The United Way of the Midlands is a not-for-profit corporation which incorporated in 1923 and is governed by a volunteer Board of Directors.

The mission of United Way of the Midlands is We *UNITE* our community's *CARING SPIRIT* to build a *STRONGER* tomorrow.

The guiding principles of United Way of the Midlands are to build trust in everything we do, extend grace by thinking by yourself, show grit by bringing it every day, be open to embracing others' differences, actively engage by listening and sharing, and live curiously to learn constantly.

United Way of the Midlands is a powerful partnership of people and organizations that care about our community's future. United Way of the Midlands recruits those who have the passion, expertise and resources we need to get things done. Together, we create life-changing opportunities in education, financial stability and health, the building blocks of a good life, so our neighbors can grow stronger and remain independent.

2. Basis of Presentation and Accounting

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 complete presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's 2020 financial statements from which the information was derived.

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other

United Way of the Midlands
NOTES TO FINANCIAL STATEMENTS – CONTINUED
For the year ended June 30, 2021

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2. Basis of Presentation and Accounting - Continued

liabilities. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates. Actual results could differ from those estimates.

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

- a. Net assets without donor restrictions include net assets and contributions not subject to donor-imposed stipulations. Net assets without donor restrictions also include assets designated by the Board for specific purposes.
- b. Purpose and time restricted net assets include net assets and contributions subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. After the donor-imposed time or purpose restriction is satisfied, net assets with donor restriction are reclassified to net assets without donor restriction and reported without donor restriction and reported within the statement of activities as net assets released from donor restrictions.
- c. Perpetual in nature net assets include net assets and contributions subject to donor-imposed stipulations that they be maintained in perpetuity by the Organization.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restriction unless their use is restricted by donor stipulation or by law.

United Way of the Midlands
 NOTES TO FINANCIAL STATEMENTS – CONTINUED
 For the year ended June 30, 2021

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3. Revenue and Other Support

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

<u>Nature of the Gift</u>	<u>Value Recognized</u>
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Organization overcoming a donor imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> the donor imposed barrier is met
 <i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

United Way of the Midlands
NOTES TO FINANCIAL STATEMENTS – CONTINUED
For the year ended June 30, 2021

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3. Revenue and Other Support - Continued

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

4. Government Grants

Support funded by grants is recognized as the Organization meets the conditions prescribed by the grant agreement, performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. The Organization receives some of its grant support through periodic claims filed with respective funding sources, not to exceed a limit specified in the funding agreement. Since the financial statements of the Organization are prepared on the accrual basis, all earned portions of the grants not yet received as of June 30, 2021, have been recorded as receivables in other assets and prepaid expenses. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

5. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash or cash equivalents for purposes of the statement of cash flows.

6. Contributions Receivable

Contributions receivable primarily consist of amounts pledged by donors as part of the annual fundraising campaign. Provision for uncollectible allowance is computed based upon a 5-year historical average, adjusted by management estimates of current economic factors, and applied to gross campaign contributions, including donor designations.

United Way of the Midlands
NOTES TO FINANCIAL STATEMENTS – CONTINUED
For the year ended June 30, 2021

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

7. Investments and Investment Return

The Organization carries its investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Donated investment securities are recorded as contributions at their estimated fair value at the date of donation. Unrealized gains and losses are included in the change in net assets in the statement of activities. Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restriction. Other investment return is reflected in the statements of activities as with or without donor restrictions based upon existence and nature of any donor or legally imposed restriction.

8. Leasehold Improvements and Equipment

Leasehold improvements and equipment are stated at cost at date of acquisition, or fair value at date of donation. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets. Assets which cost \$5,000 or more with a useful life of more than one year are capitalized.

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the year ended June 30, 2021.

9. Income Taxes

The United Way of the Midlands is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable

United Way of the Midlands
NOTES TO FINANCIAL STATEMENTS – CONTINUED
For the year ended June 30, 2021

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

9. Income Taxes - Continued

income. The Organization files tax returns in the U.S. federal jurisdiction.

10. Contributed Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Many individuals volunteer their time and perform a variety of tasks for the Organization which are not reflected in the financial statements.

11. Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These costs are allocated based on estimated time spent in support of fundraising, program and administration.

12. Fair Value of Financial Instruments

The carrying value of all financial instruments, including cash and cash equivalents, accounts receivable, and accounts payable approximate fair value due to their short-term nature. Investments in equity and debt securities are stated at fair value.

13. Transfers Between Fair Value Hierarchy Levels

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the period ending date.

United Way of the Midlands
NOTES TO FINANCIAL STATEMENTS – CONTINUED
For the year ended June 30, 2021

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

14. Paycheck Protection Program (PPP) Loan

The Organization received a PPP loan established by the CARES Act and has elected to account for the funding as a conditional contribution by applying ASC Topic 958- 605, *Revenue Recognition*. Revenue is recognized when conditions are met, which include meeting FTE and salary reduction requirements and incurring eligible expenditures. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration (SBA), or lender; as a result of such audit, adjustments could be required to the recognition of revenue. The PPP balance of \$795,976 was recognized as other income for the year ended June 30, 2021, as the loan was fully forgiven by the SBA.

15. Change in Accounting Principle

On July 1, 2020, the Organization adopted Financial Accounting Standards Board Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)*, (ASU 2014-09) using a modified retrospective method of adoption to all contracts with customers not yet complete at July 1, 2020.

The core guidance in ASU 2014-09 is to recognize revenue to depict the transfer of promised goods or services to other entities in amounts that reflect the consideration to which the Organization expects to be entitled in exchange for those goods or services.

The amount to which the Organization expects to be entitled is calculated as the transaction price and recorded as revenue in exchange for providing goods or services.

Adoption of ASU 2014-09 resulted in changes in disclosures in the notes to the financial statements.

NOTE B. CONDITIONAL GIFTS

The Organization has received the following conditional promises to give at June 30, 2021 that are not recognized in the financial statements:

United Way of the Midlands
 NOTES TO FINANCIAL STATEMENTS – CONTINUED
 For the year ended June 30, 2021

NOTE B. CONDITIONAL GIFTS - CONTINUED

Conditional promise to give upon obtaining \$4,000,000 in unconditional promises to give to the annual campaign each year over the next three years	\$ 750,000
Conditional promise to give upon obtaining \$350,000 in unconditional promises to give to the program identified in the agreement	200,000
	\$ 950,000

NOTE C. FAIR VALUE OF FINANCIAL INSTRUMENTS

Accounting Standards Codification (ASC) 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents assets that are measured at fair value on a recurring basis at June 30:

United Way of the Midlands
NOTES TO FINANCIAL STATEMENTS – CONTINUED
For the year ended June 30, 2021

NOTE C. FAIR VALUE OF FINANCIAL INSTRUMENTS - CONTINUED

	Total	Level 1	Level 2	Level 3
Investments				
Cash equivalents	\$ 585,581	\$ 585,581	\$ -	\$ -
Fixed income	6,547,676	6,547,676	-	-
Equity funds	3,872,420	3,872,420	-	-
Complementary strategies	98,200	98,200	-	-
Real estate funds	242,430	242,430	-	-
Beneficial interest in net assets assets held by Omaha Community Foundation	2,318,441	-	-	2,318,441
	<u>\$ 13,664,748</u>	<u>\$ 11,346,307</u>	<u>\$ -</u>	<u>\$ 2,318,441</u>

The Organization uses the following methods and significant assumptions to estimate fair value.

Investments: The fair value of cash equivalents, fixed income, equity fund investments, complementary strategies and real estate funds is determined by obtaining quoted market prices on nationally recognized securities exchanges.

Beneficial interest in net assets held by the Omaha Community Foundation: The fair value is determined based on fair value information provided by the Foundation which is based on the Organization’s ownership interest in underlying pools. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

Beneficial interest in net assets held by the Omaha Community Foundation measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

United Way of the Midlands
NOTES TO FINANCIAL STATEMENTS – CONTINUED
For the year ended June 30, 2021

NOTE C. FAIR VALUE OF FINANCIAL INSTRUMENTS - CONTINUED

Beginning fair value	\$ 2,068,690
Total gains or losses (realized/unrealized)	426,604
Purchases (including re-invested net earnings)	25,165
Distributions	<u>(202,018)</u>
Ending fair value	<u><u>\$ 2,318,441</u></u>

Gains and losses (realized and unrealized) on the beneficial interest in net assets held by the Omaha Community Foundation are included in net assets without donor restrictions for the period and are reported as net investment return without donor restrictions on the statement of activities for the year ended June 30, 2021.

NOTE D. INVESTMENTS AND BENEFICIAL INTEREST IN NET ASSETS

The investments of the United Way of the Midlands at June 30 are as follows:

	Cost	Fair Value	Unrealized Net Gain
Cash equivalents	\$ 585,581	\$ 585,581	\$ -
Fixed income	6,366,914	6,547,676	180,762
Equity funds	2,582,082	3,872,420	1,290,338
Complementary strategies	81,931	98,200	16,269
Real estate funds	<u>196,042</u>	<u>242,430</u>	<u>46,388</u>
Subtotal	9,812,550	11,346,307	1,533,757
Beneficial interest in net assets held by Omaha Community Foundation	<u>1,997,540</u>	<u>2,318,441</u>	<u>320,901</u>
Total	<u><u>\$ 11,810,090</u></u>	<u><u>\$ 13,664,748</u></u>	<u><u>\$ 1,854,658</u></u>

United Way of the Midlands
NOTES TO FINANCIAL STATEMENTS – CONTINUED
For the year ended June 30, 2021

NOTE D. INVESTMENTS AND BENEFICIAL INTEREST IN NET ASSETS - CONTINUED

On December 17, 1998, the Organization entered into an agreement establishing a fund at the Omaha Community Foundation. Although ownership and management responsibility of this fund remains with the Omaha Community Foundation, the income will continue to provide perpetual gifts to the United Way of the Midlands’ campaign through distributions to the United Way of the Midlands from the Omaha Community Foundation. These assets are recognized on the financial statements as “Beneficial interest in net assets held by the Omaha Community Foundation.” As of June 30, 2021, the fair value of these assets is reflected in the statement of financial position.

Shares in pooled investments at the Omaha Community Foundation are apportioned to the following net assets classes:

Without donor restrictions	\$ 1,543,806
With donor restrictions	<u>774,635</u>
 Total	 <u><u>\$ 2,318,441</u></u>

NOTE E. LEASEHOLD IMPROVEMENTS AND EQUIPMENT

Leasehold improvements and equipment consists of the following at June 30:

Building and improvements	\$ 1,514,567
Furniture and equipment	507,570
Computer equipment and software	<u>992,364</u>
 Total	 \$ 3,014,501
 Less accumulated depreciation	 <u>(1,287,364)</u>
	 <u><u>\$ 1,727,137</u></u>

United Way of the Midlands
NOTES TO FINANCIAL STATEMENTS – CONTINUED
For the year ended June 30, 2021

NOTE F. CONTRIBUTED GOODS AND SERVICES

Several companies sponsored Community Ambassadors who provided approximately 1,920 hours of service to the United Way of the Midlands. All of these hours were sponsored totaling \$41,145, made up of \$19,000 of contributions restricted to offsetting campaign expenses and \$22,145 of in-kind contributions restricted to offsetting campaign expenses.

Additionally, in 2021 the United Way of the Midlands received contributed marketing, advertising, and professional services with a fair value of \$698,914. That amount is reflected in the statement of activities as contributions and expenses within net assets without donor restrictions.

NOTE G. REVENUE FROM CONTRACTS WITH OTHER ENTITIES

Contract Fee Revenues

Performance obligations are determined based on the nature of the goods or services provided by the Organization in accordance with the contract. Revenue for performance obligations satisfied over time is recognized ratably over the period based on time elapsed or on a cost to cost method based on the language in the agreement. The Organization believes both methods provide a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

Transaction Price and Recognition

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by discounts provided in accordance with the Organization's policy and implicit price concessions provided to the entities. The Organization determines its estimate of explicit price concessions based on its discount policies. The Organization determines its estimate of implicit price concessions based on its historical collection experience with other entities.

From time to time the Organization may receive overpayments resulting in amounts owed back to third parties. These amounts are excluded from revenues and are recorded as liabilities until refunded. As of June 30, 2021, there were no outstanding refunds to third parties recognized.

United Way of the Midlands
NOTES TO FINANCIAL STATEMENTS – CONTINUED
For the year ended June 30, 2021

NOTE G. REVENUE FROM CONTRACTS WITH OTHER ENTITIES - CONTINUED

Subsequent changes to estimates of the transaction price are generally recorded as adjustments to revenue in the period of change. For the year ended June 30, 2021, no such adjustments were recognized for changes in estimates of implicit price concessions, discounts or contractual adjustments for performance obligations satisfied in previous years. Subsequent changes that are determined to be the result of an adverse change in the entity's ability to pay are recorded as bad debt expense.

The Organization has determined the nature, amount, timing and uncertainty of revenue and cash flows are affected by factors including payors that have different reimbursement and payment methodologies and services to be provided.

For the year ended June 30, 2021, the Organization recognized contract fee revenue of \$889,187 from services that transfer to the other entities over time.

NOTE H. DEFINED CONTRIBUTION RETIREMENT PLAN

The Organization sponsors a 401(k) defined contribution retirement plan for all regular, full-time employees who completed one year of eligible service. The Organization will match all employee contributions up to 3% and may make discretionary contributions as well. Contribution expense for the year ended June 30, 2021 was \$ 275,969.

NOTE I. RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES

Net Assets Without Donor Restrictions

Board Designated Reserve

United Way of the Midlands holds investments which have been designated by the Board of Directors as a reserve restricted for expenditures which are not funded by annual campaign contributions.

Examples of such expenditures include capital purchases, funding for unbudgeted emergency services, and other miscellaneous unforeseen and/or non-routine expenditures. All expenditures charged to the Board Designated Reserve must be approved by the Board of

United Way of the Midlands
NOTES TO FINANCIAL STATEMENTS – CONTINUED
For the year ended June 30, 2021

NOTE I. RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES -
CONTINUED

Directors.

Board Designated for Goodfellows

United Way of the Midlands holds contributions for the benefit of The Goodfellows to be used to continue to help individuals and families stay in their homes, put food on the table and keep the lights and heat on during these difficult times. The agreement between the Organization and Goodfellows notes that funds received related to this agreement or donations to Goodfellows will not be commingled with other money raised or invested by the Organization.

Quasi-Endowment

Quasi-endowment net assets consist of funds designated by the Board of Directors to function as an endowment.

Net Assets With Donor Restrictions

Purpose and Time Restricted Net Assets

Purpose and time restricted net assets are assets primarily from the Fall United Way of the Midlands Campaign, which donors restricted for the following year. Purpose and time restricted net assets consist of the following at June 30.

Endowment earnings restricted for specific purposes	\$ 924,923
Funding to offset future direct program expenses	98,751
Contributions for future grant disbursements	401,500
	<hr/>
	\$ 1,425,174
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Perpetual in Nature Net Assets

Perpetual in nature net assets consist of investments endowed for which donor restriction stipulates that the original gift be maintained in perpetuity. Income derived from the donated assets are restricted to be used as an annual pledge to the campaign.

United Way of the Midlands
 NOTES TO FINANCIAL STATEMENTS – CONTINUED
 For the year ended June 30, 2021

NOTE I. RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES –
 CONTINUED

Net Assets Released From Restriction

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Expiration of time restrictions	\$ 290,500
Satisfaction of purpose restrictions	
Developmental and intellectual disabilities	250,304
211 Call Center	61,545
Community Ambassadors	7,500
Homelessness	100,000
	<hr/>
	\$ 709,849
	<hr/>

NOTE J. DEFERRED REVENUE

Tenant Improvement Allowance

Lease rentals that have escalating rents are recorded as expense on a straight-line basis over the life of the lease. Contingent rent payments, to the extent they exceed minimum payments, are accrued during the periods in which the liability is incurred. Tenant improvement allowance provided by the landlord under the leasing agreement is deferred as a liability and amortized to income as an adjustment to rent expense over the life of the lease.

Contributions for Special Events

The Organization received contributions at June 30, 2021 for a special event taking place during the subsequent fiscal year; and therefore is recorded as deferred revenue until the event is executed.

United Way of the Midlands
NOTES TO FINANCIAL STATEMENTS – CONTINUED
For the year ended June 30, 2021

NOTE K. PARTICIPATION PARTNER AGREEMENTS

The United Way of the Midlands has a contractual agreement with the Community Health Charities of Nebraska (CHC) whereby these two agencies would conduct a joint fund-raising campaign in the counties of Douglas, Sarpy, and Pottawattamie. Under the contract, CHC receives 4.75% of the “adjusted net campaign contributions” as defined by the terms of the agreement.

The United Way of the Midlands has agreed to be a national distributor for certain companies. Payroll deductions are forwarded to the United Way of the Midlands where these funds are distributed on a quarterly basis to all United Way organizations. No administrative fee is charged, however, the short-term income earned on the funds while they reside in the Organization’s accounts is used to offset the cost of providing this service. As of June 30, 2021, \$303,348 was included in cash and cash equivalents and in undistributed funds payable for the current period campaign.

NOTE L. ENDOWMENT FUNDS

The Organization maintains four endowment funds for which the income derived from the funds is restricted to be used as an annual pledge to the campaign or for other specific purposes. As required by generally accepted accounting principles, net assets and the changes therein associated with endowment funds, including funds designated by the Board of Directors to function as endowments are classified and reported based on the existence or absence of donor-imposed restrictions.

The Nebraska Uniform Prudent Management of Institutional Funds Act (NUPMIFA) was enacted April 4, 2007. NUPMIFA sets out guidelines to be considered when managing and investing donor restricted endowment funds. The Organization has interpreted NUPMIFA as requiring the preservation of the whole dollar value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Organization classifies as net assets with donor restrictions the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. Interest, dividends, and net appreciation of the donor-restricted endowment funds is classified according to donor stipulations, if any.

United Way of the Midlands
NOTES TO FINANCIAL STATEMENTS – CONTINUED
For the year ended June 30, 2021

NOTE L. ENDOWMENT FUNDS - CONTINUED

Absent any donor-imposed restrictions, interest, dividends, and net appreciation (depreciation) of donor-restricted endowment funds is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by NUPMIFA.

In accordance with NUPMIFA, 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 endowment fund;
- 2) the purposes of the Organization and the donor-restricted endowment fund;
- 3) general economic conditions;
- 4) the possible effect of inflation or deflation;
- 5) the expected total return from income and the appreciation of investments;
- 6) other resources of the Organization; and
- 7) the investment policy of the Organization.

Investment Return Objectives, Risk Parameters and Strategies

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term.

Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return.

United Way of the Midlands
NOTES TO FINANCIAL STATEMENTS – CONTINUED
For the year ended June 30, 2021

NOTE L. ENDOWMENT FUNDS - CONTINUED

Therefore, the Organization expects its endowment assets, over time, to produce an average rate of return of approximately 8% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy

The Organization has a policy for the assets held by the Omaha Community Foundation of appropriating for distribution each year 4.5% of its endowment fund's market value as of December 31 of the year preceding the calendar year in which the distribution is planned. This amount is restricted to be utilized as a perpetual gift to the annual United Way of the Midlands campaign drive. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, some of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation.

The Organization has a trust which must be maintained in perpetuity. The Organization has a policy for the assets held by the bank under the trust of appropriating for distribution each year 4.5% of its market value as of June 30 of the year preceding the fiscal year in which the distribution is planned. This amount is restricted to serve those with developmental and intellectual disabilities.

United Way of the Midlands
NOTES TO FINANCIAL STATEMENTS – CONTINUED
For the year ended June 30, 2021

NOTE L. ENDOWMENT FUNDS - CONTINUED

The composition of net assets by type of endowment fund at
June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment	\$ -	\$ 4,350,467	\$ 4,350,467
Quasi-endowment	3,159,833	-	3,159,833
Total	<u>\$ 3,159,833</u>	<u>\$ 4,350,467</u>	<u>\$ 7,510,300</u>

Changes in
Endowment Net Assets
Year ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 2,469,673	\$ 3,832,826	\$ 6,302,499
New contributions	-	-	-
Investment return, net	892,178	528,748	1,420,926
Appropriation of endowment assets for expenditure	<u>(202,018)</u>	<u>(11,107)</u>	<u>(213,125)</u>
Endowment net assets, end of year	<u>\$ 3,159,833</u>	<u>\$ 4,350,467</u>	<u>\$ 7,510,300</u>

United Way of the Midlands
NOTES TO FINANCIAL STATEMENTS – CONTINUED
For the year ended June 30, 2021

NOTE M. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2021, comprise the following:

	FY2021
Cash and cash equivalents	\$ 4,388,412
Contributions receivable	4,616,524
Investments	11,346,307
Beneficial interest in net assets held by the Omaha Community Foundation	2,318,441
Total financial assets	22,669,684
Donor imposed restrictions	
Perpetual in nature	(3,425,544)
Purpose restrictions	(1,083,765)
Time-restricted for future periods	(341,409)
Net financial assets after donor imposed restrictions	17,818,966
Internal designations	
Board designated reserves	(6,785,898)
Board designated reserves for Goodfellows	(385,000)
Board designated for Goodfellows	(767,100)
Quasi endowments	(3,159,833)
Financial assets available to meet cash needs for general expenditures within one year	\$ 6,721,135

United Way of the Midlands
NOTES TO FINANCIAL STATEMENTS – CONTINUED
For the year ended June 30, 2021

NOTE M. LIQUIDITY AND AVAILABILITY – CONTINUED

The Organization receives contributions designated by donors and considers contributions designated for programs which are ongoing, major and central to its operations to be available to meet cash needs for general expenditures. For the year ended June 30, 2021, designated contributions of \$1,534,330 were included in the financial assets available to meet cash needs for general expenditures within one year.

The Organization's endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The quasi-endowment of \$3,159,833 is subject to an annual spending rate of 4.5% as described in Note L. Although the Organization does not intend to spend from this quasi-endowment, unless approved by the Board for specific program purposes, these amounts could be available if necessary.

The board designated reserves of \$7,170,898 is made up of three months of operating expenses and payout to community partner agencies, proceeds from the sale of a prior building and funds designated by the Board to supplement programs not funded by the annual campaign. These amounts are available for spending, subject to Board approval. These board designated reserves along with \$6.7M of funds available for general expenditures in the next fiscal year from above combine to \$13.9M of funds available to meet expenditures in the next year.

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

NOTE N. DIRECT COMMUNITY SERVICES

Community Impact

This function is dedicated to encouraging community engagement, mobilization, and sharing a community vision. Activities include building community relationships, promotion of community involvement in priority issues, and advocating for the support of priority services. Additional activities include prioritization and research for initiative development, outcome measure development and assessment, and service implementation through fund distribution, economic development strategies, and agency designation management.

United Way of the Midlands
NOTES TO FINANCIAL STATEMENTS – CONTINUED
For the year ended June 30, 2021

NOTE N. DIRECT COMMUNITY SERVICES – CONTINUED

As a direct result of the strategic planning process, United Way’s vision, going forward, calls for the organization to engage the passion, energy and resources of community partners and leaders, working together to help underserved vulnerable populations and improve people’s lives to strengthen our entire metro area in the long-term.

United Way will be accountable to the community for achieving and communicating results of its own work, that of its partners and grant recipients. It will serve the most vulnerable among us by supporting the local safety net, and take the next critical step – committing to solutions on some of our area’s biggest human challenges.

Other Program Services

Information and Referral

When a caller dials 2-1-1, they find easy access to health and human service programs in Nebraska and Iowa. Certified Resource Specialists develop and maintain a computerized comprehensive database of nearly 4,000 health and human service programs. Individuals who need help, often in crisis situations, are connected with the right community resources by Certified Information and Referral Specialists who use the vast database. As well, individuals and groups that want to volunteer to help others can also be linked with local nonprofit groups. The 2-1-1 community resource database is also available on our website, www.ne211.org. The information gathered from both agencies and callers helps to identify gaps in local human services, which can assist local policy makers with future planning efforts. Effective October 2019 with the help of funding from the state of Nebraska, the NE211 Helpline was manned 24x7x365.

United Way of the Midlands
NOTES TO FINANCIAL STATEMENTS – CONTINUED
For the year ended June 30, 2021

NOTE N. DIRECT COMMUNITY SERVICES – CONTINUED

Court Referral

Court Referral provides an alternative to incarceration for offenders, both youth and adults, who have been ordered by the judicial system to make retribution to the community through volunteer service. Trained specialists provide placement, monitoring and reporting services to ensure the successful completion of court ordered hours. These individuals are placed in not-for-profit organizations to provide much needed assistance in carrying out each host organization's mission. The individuals gain and enhance marketable social and job skills. The judicial system gains a cost-effective means for managing offenders. The entire community is impacted and receives benefits from this program.

Comprehensive Volunteerism

United Way of the Midlands links prospective volunteers with local nonprofit organizations that need the help. These can be one-time, monthly or more regular volunteer projects that meet the skills and schedule of the volunteering individual or group. Also, volunteer leadership and management skills are developed and implemented through referral, training, recognition and consultation for both program service volunteers and those who wish to serve on policy making boards at local nonprofits. A community volunteer opportunity database is available on the Organization's website.

Jobs for America's Graduates (JAG)

Effective July 2020, United Way of the Midlands agreed to provide services to the Nebraska Department of Labor (NDOL) regarding implementation and operation of the JAG Model in Nebraska. This program established JAG accredited programs at Nebraska schools (approved in advance by NDOL) with the purpose of helping junior high and high school students overcome obstacles and build skills so they are set up for success in the classroom and workplace. This program is funded in large part by an agreement with NDOL consisting of funds provided through the United States Department of Labor and Temporary Assistance for Needy Families (TANF) funds through the United States Department of Health and Human Services.

United Way of the Midlands
NOTES TO FINANCIAL STATEMENTS – CONTINUED
For the year ended June 30, 2021

NOTE N. DIRECT COMMUNITY SERVICES – CONTINUED

Goodfellows

In November 2020, United Way of the Midlands entered into an agreement with the Omaha World Herald to transfer responsibility of the Goodfellows program to the United Way. All assets, liabilities and back office administration of this program were transferred to United Way. At that time, United Way accepted full responsibility of the fundraising and program duties of Goodfellows. The Goodfellows program was established in the 1890's to help those in our community who had fallen on hard times, including people between jobs, the elderly, the ill, those who have experienced abuse and those facing a personal crisis with nowhere else to turn. In partnering with Goodfellows the United Way will continue to help individuals and families stay in their homes, put food on the table and keep the lights and heat on during these difficult times.

NOTE O. UNITED WAY WORLDWIDE'S COST DEDUCTION STANDARDS

United Way of the Midlands has committed to comply with the United Way Worldwide's cost deduction standards, which govern how expenses are recovered from contributions designated to specific agencies or other United Way organizations. United Way of the Midlands has also committed to all of the other United Way Worldwide membership requirements and provides a written compliance certification to the Board of Directors and the United Way Worldwide on an annual basis.

NOTE P. CONCENTRATION OF RISK

The Organization maintains its cash at various financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). These accounts, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. As of June 30, 2021, cash and cash equivalents included \$4,672,328 held in one commercial bank. As of June 30, the uninsured and uncollateralized portion of this balance was \$4,422,328.

United Way of the Midlands
NOTES TO FINANCIAL STATEMENTS – CONTINUED
For the year ended June 30, 2021

NOTE Q. RELATED PARTY TRANSACTIONS

Material related party transactions as defined by (ASC) 850 involving the United Way of the Midlands for year ending June 30 included:

- United Way of the Midlands Board of Director membership includes executives from various organizations. These organizations respectively received payments of \$502,080 for health and dental insurance premiums and \$167,443 for credit card purchases.
- The Board of Directors for United Way of the Midlands contributed \$209,059 to the 2020 campaign in fiscal year 2021.

NOTE R. OPERATING LEASES

On May 26, 2015, the United Way of the Midlands entered into a lease for its administrative offices for ten years and 3 months; commencing on September 1, 2015, and ending on November 30, 2025. The lease contains two options to renew for sixty months each.

The future minimum annual rental payments per fiscal year are as follows:

Year ending June 30:

2022	\$ 337,867
2023	344,545
2024	351,368
2025	358,353
2026	150,527

NOTE S. SUBSEQUENT EVENTS

Subsequent events have been assessed through October 4, 2021, which is the date the financial statements were available to be issued, and management has concluded there were no events or transactions that would require recognition or disclosure in the financial statements other than those already disclosed.

Supplementary Information

United Way of the Midlands
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2021

Federal Grantor Program or Cluster Title	Pass-Through Entity	Federal Assistance Listing Number	Grant Number/Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Labor					
Employment Service Cluster / Employment Service/Wagner-Peyser Funded Activities	Nebraska Department of Labor	17.207	023-0020-2020	\$ -	\$ 150,000
U.S. Department of Treasury					
COVID-19 Coronavirus Relief Fund	Nebraska Dept of Health and Human Services	21.019	None	731,212	1,581,871
Centers for Disease Control and Prevention					
COVID-19 Immunization Cooperative Agreements - COVID-19 Hotline	United Way of Central Iowa	93.268	588OCV01	-	107,350
COVID-19 Immunization Cooperative Agreements - Vaccine Support	United Way of Central Iowa	93.268	588OCV01	-	280,701
Total Centers for Disease Control and Prevention				-	388,051
U.S. Department of Health and Human Services					
477 Cluster / Temporary Assistance for Needy Families	Nebraska Department of Labor	93.558	023-0020-2020	-	532,668
Corporation for National and Community Service					
AmeriCorps	ServeNebraska	94.006	19AFHNE001	-	6,799
Total Expenditures of Federal Awards				<u>\$ 731,212</u>	<u>\$ 2,659,389</u>

United Way of the Midlands
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of United Way of the Midlands under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of United Way of the Midlands, it is not intended to and does not present the financial position, changes in net assets or cash flows of United Way of the Midlands.
2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or other applicable regulatory guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. United Way of the Midlands has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**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**

Independent Auditor's Report

Board of Directors
United Way of the Midlands
Omaha, Nebraska

We have audited, in accordance with 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 the Midlands, 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, and have issued our report thereon dated October 4, 2021

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered United Way of the Midlands' 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 the Midlands' internal control. Accordingly, we do not express an opinion on the effectiveness of United Way of the Midlands' 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of United Way of the Midlands' financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether United Way of the Midlands' 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 United Way of the Midlands' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way of the Midlands' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Omaha, Nebraska
October 4, 2021

Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Board of Directors
United Way of the Midlands
Omaha, Nebraska

Report on Compliance for the Major Federal Program

We have audited United Way of the Midlands' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on United Way of the Midlands' major federal program for the year ended June 30, 2021. United Way of the Midlands' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for United Way of the Midlands' major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about United Way of the Midlands' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on the Major Federal Program

In our opinion, United Way of the Midlands complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of United Way of the Midlands is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BKD, LLP

Omaha, Nebraska

October 4, 2021

United Way of the Midlands
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended June 30, 2021

7. The Organization's major program was:

Cluster/Program	Assistance Listing Number
COVID-19 Coronavirus Relief Fund	21.019

8. The threshold used to distinguish between Type A and Type B programs was \$750,000.

9. The Organization qualified as a low-risk auditee? Yes No

United Way of the Midlands
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended June 30, 2021

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
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No matters reportable.

Findings Required to be Reported by the Uniform Guidance

Reference Number	Finding
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No matters are reportable.

United Way of the Midlands
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2021

Reference Number	Summary of Finding	Status
No matters are reportable.		