

United Way of the Midlands  
Independent Auditor's Report, Financial  
Statements and Required Single Audit Information  
June 30, 2022

United Way of the Midlands  
June 30, 2022  
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## Independent Auditor's Report

Board of Directors  
United Way of the Midlands  
Omaha, Nebraska

### **Opinion**

We have audited the financial statements of United Way of the Midlands, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of United Way of the Midlands as of June 30, 2022, 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.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of the Midlands 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.

### **Emphasis of Matter**

As described in Note B to the financial statements, in 2022, United Way of the Midlands adopted ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to this matter.

### **Report on Summarized Comparative Information**

We have previously audited the United Way of the Midlands 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 4, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## ***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 the Midland's ability to continue as a going concern within one year after the date that these 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 the Midland'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 the Midland's ability to continue as a going concern for a reasonable period of time.

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the 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* 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 procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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 have also issued our report dated October 3, 2022, 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.

**FORVIS,LLP**

Omaha, Nebraska  
October 3, 2022

United Way of the Midlands  
STATEMENT OF FINANCIAL POSITION  
As of June 30, 2022  
(with comparative totals as of June 30, 2021)

	FY2022	FY2021
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,852,742	\$ 4,388,412
Contributions receivable - 2022 campaign (less uncollectible allowance of \$0)	10,790	-
Contributions receivable - 2021 campaign (less uncollectible allowance of \$443,707)	4,195,105	-
Contributions receivable - 2020 campaign (less uncollectible allowance of \$0 and \$493,380, respectively)	273,267	4,585,490
Contributions receivable - 2019 campaign (less uncollectible allowance of \$0)	-	31,034
Grants receivable	532,449	346,800
Other assets and prepaid expenses	1,050,131	635,825
Investments	10,302,837	11,346,307
Beneficial interest in net assets held by the Omaha Community Foundation	1,822,362	2,318,441
Leasehold improvements and equipment (net of accumulated depreciation of \$1,558,064 and \$1,287,364, respectively)	1,610,262	1,727,137
Total assets	\$ 22,649,944	\$ 25,379,446
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 415,296	\$ 325,563
Accrued payroll and related liabilities	642,758	483,443
Refundable advances	731,910	355,995
Deferred revenue	663,181	656,414
Goodfellows undistributed allocations and designations payable	96,000	58,500
Undistributed allocations and designations payable for the prior period campaign	288,202	662,561
Undistributed allocations and designations payable for the current period campaign	9,962,283	10,203,819
Total liabilities	12,799,630	12,746,295
<b>NET ASSETS</b>		
Without donor restrictions		
Board designated reserves	5,867,898	6,785,898
Board designated reserves for Goodfellows	254,504	385,000
Board designated for Goodfellows	763,513	767,100
Quasi endowment	3,244,415	3,159,833
Operating	(4,474,798)	(3,315,398)
Total net assets without donor restrictions	5,655,532	7,782,433
With donor restrictions		
Perpetual in nature	3,425,544	3,425,544
Purpose restrictions	490,102	1,083,765
Time-restricted for future periods	279,136	341,409
Total net assets with donor restrictions	4,194,782	4,850,718
Total net assets	9,850,314	12,633,151
Total liabilities and net assets	\$ 22,649,944	\$ 25,379,446

United Way of the Midlands  
STATEMENT OF ACTIVITIES  
For the year ended June 30, 2022  
(with comparative totals as of FY2021)

	Without Donor Restrictions	With Donor Restrictions	FY2022	FY2021
<b>REVENUE AND OTHER SUPPORT</b>				
Contributions and reclassification				
Campaign contributions for the Fall Campaign				
Contributions received for the current period	\$ 16,739,947	\$ -	\$ 16,739,947	\$ 15,748,841
Contributions for COVID-19 and flood relief disaster	-	-	-	25
Contributions received for the prior period (net assets released from restriction)	718,436	(718,436)	-	-
Contributions received for the future period	-	255,500	255,500	255,500
Gross campaign results	<u>17,458,383</u>	<u>(462,936)</u>	<u>16,995,447</u>	<u>16,004,366</u>
Less donor designations	(1,714,238)	-	(1,714,238)	(1,355,237)
Less disaster relief designations	-	-	-	(25)
Less allowance for uncollectible pledges	<u>(337,191)</u>	<u>-</u>	<u>(337,191)</u>	<u>(332,476)</u>
Total campaign contributions for the current allocation period	15,406,954	(462,936)	14,944,018	14,316,628
Other contributions				
Contributions restricted for offsetting campaign expenses	38,500	-	38,500	41,145
Contributions for special events and miscellaneous	503,880	-	503,880	84,305
Contributions of quasi-endowed gifts	707,501	-	707,501	-
Contributed goods and services	<u>1,107,426</u>	<u>-</u>	<u>1,107,426</u>	<u>698,914</u>
Total other contributions	<u>2,357,307</u>	<u>-</u>	<u>2,357,307</u>	<u>824,364</u>
Total contributions	<u>17,764,261</u>	<u>(462,936)</u>	<u>17,301,325</u>	<u>15,140,992</u>

(Continued)

United Way of the Midlands  
STATEMENT OF ACTIVITIES - CONTINUED  
For the year ended June 30, 2022  
(with comparative totals as of FY2021)

	Without Donor Restrictions	With Donor Restrictions	FY2022	FY2021
REVENUE AND OTHER SUPPORT - CONTINUED				
Government grants	\$ 1,930,369	\$ -	\$ 1,930,369	\$ 3,040,840
Private grants	15,237,517	128,000	15,365,517	517,075
Net investment return	(1,381,909)	(321,000)	(1,702,909)	1,683,811
Donor designation fees	104,756	-	104,756	105,314
Contract fees	1,397,462	-	1,397,462	889,187
Other income	226	-	226	1,676,333
Total revenues and other support	<u>35,052,682</u>	<u>(655,936)</u>	<u>34,396,746</u>	<u>23,053,552</u>
ALLOCATIONS AND OTHER FUNCTIONAL EXPENSES				
Allocations and designations to agencies	27,763,057	-	27,763,057	15,155,236
Less donor designations	(1,714,238)	-	(1,714,238)	(1,355,237)
Less COVID-19 relief disaster designations	-	-	-	(25)
Total allocations	<u>26,048,819</u>	<u>-</u>	<u>26,048,819</u>	<u>13,799,974</u>
Direct community services provided by United Way	7,978,061	-	7,978,061	6,379,123
Total allocations and direct community services	<u>34,026,880</u>	<u>-</u>	<u>34,026,880</u>	<u>20,179,097</u>
Other functional expenses				
Fundraising	3,059,218	-	3,059,218	1,905,373
Management and general	93,485	-	93,485	86,892
Total other functional expenses	<u>3,152,703</u>	<u>-</u>	<u>3,152,703</u>	<u>1,992,265</u>
Total allocations, designations, direct community services and other functional expenses	<u>37,179,583</u>	<u>-</u>	<u>37,179,583</u>	<u>22,171,362</u>
CHANGE IN NET ASSETS	(2,126,901)	(655,936)	(2,782,837)	882,190
NET ASSETS, BEGINNING OF YEAR	<u>7,782,433</u>	<u>4,850,718</u>	<u>12,633,151</u>	<u>11,750,961</u>
NET ASSETS, END OF YEAR	<u>\$ 5,655,532</u>	<u>\$ 4,194,782</u>	<u>\$ 9,850,314</u>	<u>\$ 12,633,151</u>

See accompanying notes and independent auditor's report



United Way of the Midlands  
STATEMENT OF FUNCTIONAL EXPENSES  
For the year ended June 30, 2022  
(with comparative totals as of FY2021)

	Program Services			Support Services			Total	
	Community Impact	Other Program Services	Total Program Services	Fundraising	Management and General	Total Support Services	FY2022	FY2021
Allocations and designation to agencies								
Total allocations and designations to agencies	\$ 27,763,057	\$ -	\$ 27,763,057	\$ -	\$ -	\$ -	\$ 27,763,057	\$ 15,155,236
Less donor designations	(1,714,238)	-	(1,714,238)	-	-	-	(1,714,238)	(1,355,237)
Less COVID-19 relief disaster designations	-	-	-	-	-	-	-	(25)
Net allocations to agencies	26,048,819	-	26,048,819	-	-	-	26,048,819	13,799,974
Personnel costs								
Salaries	1,184,112	3,392,352	4,576,464	1,180,948	46,436	1,227,384	5,803,848	4,532,202
Employee benefits	127,227	571,009	698,236	180,780	6,799	187,579	885,815	725,506
Payroll taxes	92,141	259,535	351,676	91,501	3,659	95,160	446,836	311,391
Total personnel costs	1,403,480	4,222,896	5,626,376	1,453,229	56,894	1,510,123	7,136,499	5,569,099
Professional fees	72,877	612,905	685,782	100,107	5,699	105,806	791,588	634,757
Supplies	13,384	108,203	121,587	26,888	1,369	28,257	149,844	88,076
Telephone	5,851	81,214	87,065	9,703	596	10,299	97,364	91,528
Postage and shipping	5,987	12,329	18,316	9,502	487	9,989	28,305	14,600
Occupancy	62,687	146,269	208,956	106,085	6,430	112,515	321,471	322,811
Equipment leasing and maintenance	18,800	87,611	106,411	31,800	1,929	33,729	140,140	113,263
Printing, publications, and promotion	83,776	396,752	480,528	135,179	7,781	142,960	623,488	890,180
Travel and transportation	4,302	55,995	60,297	7,923	335	8,258	68,555	22,454
Events, conferences and meetings	17,981	153,442	171,423	1,010,657	2,299	1,012,956	1,184,379	63,476
Organizational dues	6,250	21,652	27,902	18,603	591	19,194	47,096	35,440
Awards and gifts	5,003	10,808	15,811	5,782	337	6,119	21,930	43,536
Insurance	4,544	13,266	17,810	7,690	467	8,157	25,967	43,532
United Way Worldwide membership fee	43,570	101,664	145,234	73,734	4,469	78,203	223,437	240,783
Depreciation	37,185	167,378	204,563	62,336	3,802	66,138	270,701	197,853
Total non-personnel expenses	382,197	1,969,488	2,351,685	1,605,989	36,591	1,642,580	3,994,265	2,802,289
Total Functional Expenses	\$ 27,834,496	\$ 6,192,384	\$ 34,026,880	\$ 3,059,218	\$ 93,485	\$ 3,152,703	\$ 37,179,583	\$ 22,171,362

See accompanying notes and independent auditor's report

United Way of the Midlands  
STATEMENT OF CASH FLOWS  
For the year ended June 30, 2022  
(with comparative totals as of FY2021)

	<u>FY2022</u>	<u>FY2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (2,782,837)	\$ 882,190
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	270,701	197,853
Realized and unrealized losses (gains) on investments, net	1,667,437	(1,581,902)
Change in beneficial interests	207,777	176,853
Change in contributions receivable	137,362	(236,989)
Change in grants receivable	(185,649)	(346,800)
Change in other assets and prepaid expenses	(414,306)	(316,567)
Change in accounts payable, accrued expenses and refundable advances	517,973	(347,579)
Change in accrued payroll and related liabilities	159,315	167,197
Change in allowance - tenant improvements	(24,262)	(18,011)
Change in deferred revenue	31,029	16,791
Change in undistributed allocations and designations payable	(578,395)	3,819,184
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	<u>(993,855)</u>	<u>2,412,220</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(206,151)	(531,329)
Purchase of securities	(3,463,467)	(2,312,992)
Proceeds from sale of securities	3,127,803	2,171,093
NET CASH USED IN INVESTING ACTIVITIES	<u>(541,815)</u>	<u>(673,228)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,535,670)	1,738,992
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>4,388,412</u>	<u>2,649,420</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,852,742</u>	<u>\$ 4,388,412</u>
SUPPLEMENTAL NONCASH ACTIVITIES		
Capital asset acquisitions included in accounts payable	\$ 2,461	\$ 54,786

United Way of the Midlands  
NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30, 2022

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 2021 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, 2022

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, 2022

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, 2022

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, 2022, have been recorded as receivables in grants receivable. 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, 2022

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, 2022.

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, 2022

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

Contributed services are recognized as contributions at their fair value only 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.

14. Reclassifications

Certain reclassifications have been made to the 2021 financial statements to conform to the 2022 financial statement presentation. These reclassifications had no effect on the change in net assets.



United Way of the Midlands  
NOTES TO FINANCIAL STATEMENTS – CONTINUED  
For the year ended June 30, 2022

NOTE B. CHANGE IN ACCOUNTING PRINCIPLE

In 2022, the Organization, adopted ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* on a retrospective basis. ASU 2020-07 requires contributed nonfinancial assets to be presented separately from contributions of cash or other financial assets in the statements of activities and disclosures within the notes to the financial statements about the valuation methodology for, use of, and donor-imposed restrictions associated with contributed nonfinancial assets. Adoption of ASU 2020-07 had no impact on previously reported total change in net assets.

NOTE C. CONDITIONAL GIFTS

The Organization has received the following conditional promises to give at June 30, 2022 that are not recognized in the financial statements:

Conditional promise to give upon obtaining \$4,000,000 in unconditional promises to give to the annual campaign each year over the next two years	<u>\$ 500,000</u>
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NOTE D. 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.

United Way of the Midlands  
NOTES TO FINANCIAL STATEMENTS – CONTINUED  
For the year ended June 30, 2022

NOTE D. FAIR VALUE OF FINANCIAL INSTRUMENTS - CONTINUED

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:

	Total	Level 1	Level 2	Level 3
Investments				
Cash equivalents	\$ 524,336	\$ 524,336	\$ -	\$ -
Fixed income	6,097,228	6,097,228	-	-
Equity funds	3,493,096	3,493,096	-	-
Complementary strategies	50,094	50,094	-	-
Real estate funds	111,653	111,653	-	-
Commodities	26,430	26,430	-	-
Beneficial interest in net assets assets held by Omaha Community Foundation	1,822,362	-	-	1,822,362
	<u>\$ 12,125,199</u>	<u>\$ 10,302,837</u>	<u>\$ -</u>	<u>\$ 1,822,362</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, 2022

NOTE D. FAIR VALUE OF FINANCIAL INSTRUMENTS - CONTINUED

Beginning fair value	\$ 2,318,441
Total losses (realized/unrealized)	(318,057)
Purchases (including re-invested net earnings)	29,756
Distributions	<u>(207,778)</u>
Ending fair value	<u><u>\$ 1,822,362</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, 2022.

NOTE E. 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 (Loss)
Cash equivalents	\$ 524,336	\$ 524,336	\$ -
Fixed income	6,485,926	6,097,228	(388,698)
Equity funds	3,116,313	3,493,096	376,783
Complementary strategies	41,468	50,094	8,626
Real estate funds	95,553	111,653	16,100
Commodities	<u>27,210</u>	<u>26,430</u>	<u>(780)</u>
Subtotal	10,290,806	10,302,837	12,031
Beneficial interest in net assets held by Omaha Community Foundation	<u>1,997,540</u>	<u>1,822,362</u>	<u>(175,178)</u>
Total	<u><u>\$ 12,288,346</u></u>	<u><u>\$ 12,125,199</u></u>	<u><u>\$ (163,147)</u></u>

United Way of the Midlands  
NOTES TO FINANCIAL STATEMENTS – CONTINUED  
For the year ended June 30, 2022

NOTE E. 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, 2022, 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	\$ 1,047,727
With donor restrictions	<u>774,635</u>
 Total	 <u><u>\$ 1,822,362</u></u>

NOTE F. LEASEHOLD IMPROVEMENTS AND EQUIPMENT

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

Building and improvements	\$ 1,514,566
Furniture and equipment	509,579
Computer equipment and software	<u>1,144,181</u>
 Total	 \$ 3,168,326
 Less accumulated depreciation	 <u>(1,558,064)</u>
	 <u><u>\$ 1,610,262</u></u>

United Way of the Midlands  
NOTES TO FINANCIAL STATEMENTS – CONTINUED  
For the year ended June 30, 2022

NOTE G. 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 \$38,500 in contributions restricted to offsetting campaign expenses.

Additionally, in 2022 the United Way of the Midlands received contributed marketing, advertising, and professional services with a fair value of \$1,107,426; of which \$739,114 of contributed goods and services had inherit donor-imposed restrictions as noted below.

	Without Donor Restrictions	With Donor Restrictions	Total
Advertising	\$ 333,007	\$ 223,000	\$ 556,007
Awards/Incentives	-	456,558	456,558
Meals	-	44,536	44,536
Supplies	18,232	-	18,232
Professional Services	17,073	15,020	32,093
	<u>\$ 368,312</u>	<u>\$ 739,114</u>	<u>\$ 1,107,426</u>

The nonfinancial assets listed above were recognized as revenues within contributed goods and services. As of June 30, 2022, all restrictions noted above were met thus amounts were reflected in the statement of activities as net assets without donor restrictions.

*Contributed Items*

Contributed items were utilized in the following programs:

<b>Contributed Items</b>	<b>Programs</b>
Advertising	United Way of the Midlands Operations and 211 Programming; Special events related to fundraising initiatives
Awards/Incentives	Special events related to fundraising initiatives and donor recognition
Meals	Special events related to fundraising initiatives and donor recognition
Supplies	Volunteerism events; Special events related to fundraising initiatives

United Way of the Midlands  
NOTES TO FINANCIAL STATEMENTS – CONTINUED  
For the year ended June 30, 2022

NOTE G. CONTRIBUTED GOODS AND SERVICES - CONTINUED

United Way of the Midlands recognizes the value of the donated product on the basis of the fair market value provided by the donor at the time of acquisition.

NOTE H. 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, 2022, 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, 2022

NOTE H. 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, 2022, 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 Organization'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, 2022, the Organization recognized contract fee revenue of \$1,397,462 from services that transfer to the other entities over time.

NOTE I. 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, 2022 was \$328,058.

NOTE J. 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, 2022

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

Directors.

Board Designated for Goodfellows

United Way of the Midlands holds contributions for the benefit of 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	\$	103,082
Funding to offset future direct program expenses		150,236
Contributions for future grant disbursements		<u>515,920</u>
	<u>\$</u>	<u>769,238</u>

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, 2022

NOTE J.      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	\$	317,773
Satisfaction of purpose restrictions		
Developmental and intellectual disabilities		250,420
Food Security		1,000
Homelessness		149,243
		149,243
	\$	718,436

NOTE K.      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, 2022, for special events taking place during the subsequent fiscal year; and therefore, is recorded as deferred revenue until the events are executed.

United Way of the Midlands  
NOTES TO FINANCIAL STATEMENTS – CONTINUED  
For the year ended June 30, 2022

NOTE L. 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, 2022, \$241,688 was included in cash and cash equivalents and in undistributed funds payable for the current period campaign.

NOTE M. 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 (depreciation) 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, 2022

NOTE M. 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, 2022

NOTE M. 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, 2022

NOTE M. ENDOWMENT FUNDS - CONTINUED

The composition of net assets by type of endowment fund at  
June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment	\$ -	\$ 3,528,626	\$ 3,528,626
Quasi-endowment	3,244,415	-	3,244,415
Total	<u>\$ 3,244,415</u>	<u>\$ 3,528,626</u>	<u>\$ 6,773,041</u>

Changes in  
Endowment Net Assets  
Year ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 3,159,833	\$ 4,350,467	\$ 7,510,300
New contributions	1,460,532	-	1,460,532
Investment return, net	(692,992)	(321,000)	(1,013,992)
Appropriation of endowment assets for expenditure	<u>(682,958)</u>	<u>(500,841)</u>	<u>(1,183,799)</u>
Endowment net assets, end of year	<u>\$ 3,244,415</u>	<u>\$ 3,528,626</u>	<u>\$ 6,773,041</u>

United Way of the Midlands  
NOTES TO FINANCIAL STATEMENTS – CONTINUED  
For the year ended June 30, 2022

NOTE N. 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, 2022, comprise the following:

	FY2022
Cash and cash equivalents	\$ 2,852,742
Contributions receivable	4,479,162
Investments	10,302,837
Beneficial interest in net assets held by the Omaha Community Foundation	1,822,362
Total financial assets	19,457,103
Donor imposed restrictions	
Perpetual in nature	(3,425,544)
Purpose restrictions	(490,102)
Time-restricted for future periods	(279,136)
Net financial assets after donor imposed restrictions	15,262,322
Internal designations	
Board designated reserves	(5,867,898)
Board designated reserves for Goodfellows	(254,504)
Board designated for Goodfellows	(763,513)
Quasi endowments	(3,244,415)
Financial assets available to meet cash needs for general expenditures within one year	\$ 5,131,991

United Way of the Midlands  
NOTES TO FINANCIAL STATEMENTS – CONTINUED  
For the year ended June 30, 2022

NOTE N. 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, 2022, designated contributions of \$1,270,958 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 \$3,244,415 is subject to an annual spending rate of 4.5% as described in Note M. 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 \$6,122,402 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 \$5.1M of funds available for general expenditures in the next fiscal year from above combine to \$11.2M 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 O. 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, 2022

NOTE O. 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](http://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, 2022

NOTE O. 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, 2022

NOTE O. 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.

Emergency Rental Assistance Program

In April 2021, United Way of the Midlands was selected as a partner agency supporting Metro Area Continuum of Care for the Homeless (MACCH) in the distribution of the City of Omaha's \$22 million grant from the U.S. Department of Treasury Emergency Rental Assistance funds. These funds are to assist Omaha citizens with rental and utility assistance due to the COVID-19 pandemic. Distributions of these funds began in July 2021.

NOTE P. 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 Q. 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, 2022, cash and cash equivalents included \$4,936,638 held in one commercial bank. As of June 30, the uninsured and uncollateralized portion of this balance was \$4,686,638.

United Way of the Midlands  
NOTES TO FINANCIAL STATEMENTS – CONTINUED  
For the year ended June 30, 2022

NOTE R. 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 \$559,546 for health and dental insurance premiums and \$443,746 for credit card purchases.
- The Board of Directors for United Way of the Midlands contributed \$172,399 to the 2021 campaign in fiscal year 2022.

NOTE S. 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:

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

NOTE T. SUBSEQUENT EVENTS

Subsequent events have been assessed through October 3, 2022, 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, 2022

Federal Grantor / Program or Cluster Title	Pass-Through Entity	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Labor</b>					
Employment Service Cluster / Employment Service/Wagner-Peyser Funded Activities	Nebraska Department of Labor	17.207	023-0020-2020	\$ -	\$ 347,641
<b>U.S. Department of Education</b>					
COVID-19 Governor's Emergency Education Relief Fund	Nebraska Department of Labor	84.425C	023-0009-2022	-	97,536
<b>Centers for Disease Control and Prevention</b>					
COVID-19 Immunization Cooperative Agreements - COVID-19 Hotline	Nebraska Department of Health and Human Services	93.268	64606 Y3	23,000	31,000
COVID-19 Immunization Cooperative Agreements - COVID-19 Hotline	United Way of Central Iowa	93.268	5882CV01	-	45,291
Total Centers for Disease Control and Prevention				<u>23,000</u>	<u>76,291</u>
<b>U.S. Department of Health and Human Services</b>					
477 Cluster / Temporary Assistance for Needy Families	Nebraska Department of Labor	93.558	023-0020-2020	-	959,675
<b>Corporation for National and Community Service</b>					
AmeriCorps	ServeNebraska	94.006	19AFHNE0010019	-	67,775
Total Expenditures of Federal Awards				<u>\$ 23,000</u>	<u>\$ 1,548,918</u>

United Way of the Midlands  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2022

**Note 1: Basis of Presentation**

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, 2022. 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.

**Note 2: Summary of Significant Accounting Policies**

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.

**Note 3: Indirect Cost Rate**

United Way of the Midlands has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.



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**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 United Way of the Midlands' statement of financial position as of June 30, 2022, 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 3, 2022.

***Report on 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 the United Way of the Midlands' internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 the entity's 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 or significant deficiencies may exist that were not identified.

## ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the 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 an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings schedule of findings questioned costs as item 2022-001.

## ***United Way of the Midlands' Response to Findings***

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

## ***Purpose of this Report***

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

**FORVIS, LLP**

Omaha, Nebraska  
October 3, 2022





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## **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**

##### ***Opinion on the Major Federal Program***

We have audited United Way of the Midlands' compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

In our opinion, United Way of the Midlands complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

##### ***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of United Way of the Midland and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of United Way of the Midlands' compliance with the compliance requirements referred to above.

##### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to United Way of the Midlands' federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on United Way of the Midlands' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about United Way of the Midlands' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 United Way of the Midlands' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of United Way of the Midlands' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 United Way of the Midlands' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on the major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on United Way of the Midlands' response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. United Way of the Midlands' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response. United Way of the Midlands is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. United Way of the Midlands' corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

## Report on 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 “Auditor’s Responsibilities for the Audit of Compliance” section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as identified as above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

**FORVIS,LLP**

Omaha, Nebraska  
October 3, 2022

# United Way of the Midlands

## Schedule of Findings and Questioned Costs

### Year Ended June 30, 2022

**Section I – Summary of Auditor’s Results**

*Financial Statements*

- 1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:  
 Unmodified     Qualified     Adverse     Disclaimer
  
- 2. Internal control over financial reporting:  
 Significant deficiency(ies) identified?                                 Yes             None reported  
 Material weakness(es) identified?                                         Yes             No
  
- 3. Noncompliance material to the financial statements noted?                                         Yes             No

*Federal Awards*

- 4. Internal control over major federal awards programs:  
 Significant deficiency(ies) identified?                                 Yes             None reported  
 Material weakness(es) identified?                                         Yes             No
  
- 5. Type of auditor’s report issued on compliance for the major federal program:  
 Unmodified     Qualified     Adverse     Disclaimer
  
- 6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)?                                         Yes             No

7. Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
93.558	477 Cluster / Temporary Assistance for Needy Families

- 8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.
  
- 9. Auditee qualified as a low-risk auditee?                                         Yes             No

**United Way of the Midlands**  
**Schedule of Findings and Questioned Costs - Continued**  
**Year Ended June 30, 2022**

**Section II – Financial Statement Findings**

Reference Number	Finding
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No matters are reportable.

**Section III – Federal Award Findings and Questioned Costs**

Reference Number	Finding
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2022-001	<p><b>U.S. Department of Health and Human Services   Nebraska Department of Labor – Temporary Assistance for Needy Families – 93.558</b></p>
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**Criteria or Specific Requirement** – Management is responsible for implementing and effectively operating internal controls over compliance to mitigate the risk of misuse of the Organization’s federal funds and ensure participating students are eligible based on financial need. The Temporary Assistance for Needy Families (TANF) funds may be used for expenses related to Job’s for America’s Graduates (JAG) Program, which helps low-income students with additional resources in middle and/or high school to help the students graduate. To be eligible for the JAG Program, which is funded by the TANF funds, the students must be low-income, evidenced by qualification for free or reduced lunch.

**Condition** – Two students were identified by the auditor in relation to the eligibility compliance requirement that were either: a) not eligible for the program, or b) had no support proving the student was eligible to participant in the program. The low-income student participation percentages applied to JAG Program costs were overstated based on the one ineligible student identified. This percentage is used to determine TANF eligible JAG Program expenses, which as result were overstated.

**Questioned Costs** – Questioned costs are unknown due to the complexity of the monthly low-income student participation percentage applied to school specific costs resulting in the TANF eligible JAG program expenses.

**Context** – Out of a population of 856 participating students, FORVIS selected 40 for testing. There were 2 students that were either a) not eligible for the program or b) had no support proving the student was eligible to participant in the program. This impacts the low-income student participation percentage used in the calculation of JAG Program related allowable costs.

**Effect** – The low-income student participation percentages applied to JAG Program costs charged to the TANF grant were overstated.

**Cause** – JAG Program policies implemented by United Way of the Midlands, including documentation retention, were not adhered to.

**United Way of the Midlands**  
**Schedule of Findings and Questioned Costs - Continued**  
**Year Ended June 30, 2022**

<b>Reference Number</b>	<b>Finding</b>
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*Recommendation* – Management should consider changes to their JAG Program policies, including documentation requirements and retention, as well as perform a more detailed review of student’s eligibility to ensure the low-income student participation percentage is correctly stated and applied to JAG program expenses each month to properly calculate TANF allowable costs.

*View of Responsible Officials and Planned Correction Action* - United Way of the Midlands (UWM) has reviewed and updated its policies, procedures and training within the JAG Program to improve retention of eligibility documentation and, in the event such documentation is no longer available, document the validation of eligibility requirements used to support Management’s decision on the applicant’s eligibility. This is fully documented in our Quality Assurance SOP (Standard Operating Procedures). UWM also implemented an additional detective internal control in our JAG Nebraska Invoicing SOP that requires a UWM Finance member independent of the eligibility onboarding process to audit monthly a small sampling of students for proper documentation and eligibility related to TANF invoicing. Management will monitor this regularly throughout the year to ensure procedures are being followed as documented. All changes have been implemented.

**United Way of the Midlands**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2022**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
No matters are reportable.		