

**UNITED WAY COMMUNITY SERVICES, INC.**

**AUDITED FINANCIAL STATEMENTS**

Year Ended June 30, 2020

## TABLE OF CONTENTS

	Page
<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>AUDITED FINANCIAL STATEMENTS:</b>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements	7
<b>OTHER REPORT:</b>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	11



## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
United Way Community Services, Inc.

### **Report on the Financial Statements**

We have audited the financial statements of United Way Community Services, Inc. (a nonprofit organization) which comprise the statement of financial position of as of June 30, 2020, 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 amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks if 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 Community Services, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

We have previously audited United Way Community Services, Inc.'s 2019 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated October 2, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2020 on our consideration of United Way Community Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way Community Services, Inc.'s internal control over financial reporting and compliance.



Orem, Utah  
October 5, 2020

**UNITED WAY COMMUNITY SERVICES, INC.**  
**STATEMENT OF FINANCIAL POSITION**

June 30, 2020, with Comparative Totals for 2019

	2020	2019
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 241,133	\$ 62,143
Accounts receivable	190,561	195,562
Prepaid expenses	14,180	30,848
Total current assets	445,874	288,553
<b>Fixed Assets:</b>		
Furniture and equipment	68,932	68,932
Vehicles	1,031,547	1,147,202
Accumulated depreciation	(842,240)	(812,804)
Net fixed assets	258,239	403,330
Total assets	\$ 704,113	\$ 691,883
<b>LIABILITIES AND NET (DEFICIENCY IN) ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued expenses	\$ 37,114	\$ 49,612
Due to United Way of Central and Southern Utah	450,542	379,591
Current portion of PPP loan	84,835	-
Accrued compensated absences	70,670	88,219
Total current liabilities	643,161	517,422
PPP Loan, less current portion	146,065	-
Total liabilities	789,226	517,422
<b>Net (Deficiency in) Assets Without Donor Restrictions:</b>		
Undesignated	(285,113)	14,461
Designated for benefits	200,000	160,000
Total net (deficiency in) assets without donor restrictions	(85,113)	174,461
Total liabilities and net (deficiency in) assets	\$ 704,113	\$ 691,883

The accompanying notes are an integral part of this financial statement.

**UNITED WAY COMMUNITY SERVICES, INC.**  
**STATEMENT OF ACTIVITIES**

Year Ended June 30, 2020, with Comparative Totals for 2019

	2020	2019
<b>Net Assets Without Donor Restrictions:</b>		
Revenues and Support:		
Transportation services:		
Utah Transit Authority funding	\$ 1,633,182	\$ 1,581,597
Service provider contracts	80,359	99,025
Agency services	78,944	122,481
Rider fares	32,742	44,238
In-kind donations	282,958	411,692
	<u>2,108,185</u>	<u>2,259,033</u>
Total transportation services	2,108,185	2,259,033
Other revenues	2,849	720
Gain on sale of fixed assets	16,000	-
	<u>16,000</u>	<u>-</u>
Total revenues and support	2,127,034	2,259,753
Expenses:		
Program services:		
Paratransit program services	2,247,942	2,217,821
Supporting services:		
General and administrative	138,666	157,283
	<u>138,666</u>	<u>157,283</u>
Total expenses	2,386,608	2,375,104
	<u>2,386,608</u>	<u>2,375,104</u>
<b>Change in Net Assets</b>	(259,574)	(115,351)
<b>Net Assets at Beginning of Year</b>	174,461	289,812
	<u>174,461</u>	<u>289,812</u>
<b>Net Assets at End of Year</b>	<u>\$ (85,113)</u>	<u>\$ 174,461</u>

The accompanying notes are an integral part of this financial statement.

**UNITED WAY COMMUNITY SERVICES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2020, with Comparative Totals for 2019

	Paratransit Program Services	General and Administrative	Totals	
			2020	2019
Salaries and wages	\$ 905,756	\$ 62,162	\$ 967,918	\$ 918,740
Employee benefits	215,057	16,532	231,589	252,495
Payroll taxes	66,931	4,327	71,258	66,397
Total personnel expenses	1,187,744	83,021	1,270,765	1,237,632
Conferences and training	(1,565)	-	(1,565)	5,755
Dues and subscriptions	1,421	-	1,421	1,579
Liability insurance	3,526	228	3,754	1,982
Marketing	898	-	898	4,779
Occupancy costs	114,378	2,383	116,761	117,253
Repairs and maintenance	988	64	1,052	8,090
Postage	543	-	543	480
Printing and copying	5,375	-	5,375	11,298
Professional fees	-	30,158	30,158	28,895
Rewards	1,564	-	1,564	714
Supplies	5,102	330	5,432	3,257
Travel and meals	1,544	1,132	2,676	4,152
Vehicle expense	595,474	-	595,474	603,659
Support services	193,949	12,539	206,488	206,488
Miscellaneous	721	-	721	406
Total before depreciation	2,111,662	129,855	2,241,517	2,236,419
Depreciation	136,280	8,811	145,091	138,685
Total functional expenses	<u>\$ 2,247,942</u>	<u>\$ 138,666</u>	<u>\$ 2,386,608</u>	<u>\$ 2,375,104</u>

The accompanying notes are an integral part of this financial statement.

**UNITED WAY COMMUNITY SERVICES, INC.**  
**STATEMENT OF CASH FLOWS**

Year Ended June 30, 2020, with Comparative Totals for 2019

	2020	2019
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ (259,574)	\$ (115,351)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	145,091	138,685
Gain on sale of fixed assets	(16,000)	-
In-kind donation of equipment	-	(99,653)
Changes in operating assets and liabilities:		
Accounts receivable	5,001	22,348
Prepaid expenses	16,668	(11,738)
Accounts payable and accrued expenses	(12,498)	22,370
Due to United Way of Central and Southern Utah	70,951	80,364
Accrued compensated absences	(17,549)	5,446
Net cash provided (used) by operating activities	(67,910)	42,471
<b>Cash Flows from Investing Activities:</b>		
Proceeds from sale of fixed assets	16,000	-
Purchases of fixed assets	-	(24,913)
Net cash provided (used) by investing activities	16,000	(24,913)
<b>Cash Flows from Financing Activities:</b>		
Proceeds from PPP loan	230,900	-
<b>Net Change in Cash</b>	178,990	17,558
<b>Cash at Beginning of Year</b>	62,143	44,585
<b>Cash at End of Year</b>	\$ 241,133	\$ 62,143

**Supplemental Data:**

The Organization paid no interest or income taxes for the year ended June 30, 2020.

The Organization had no noncash investing or financing activities during the year ended June 30, 2020.

The accompanying notes are an integral part of this financial statement.



**UNITED WAY COMMUNITY SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of United Way Community Services, Inc. (the Organization) have been prepared on the accrual method of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

**Organization**

United Way Community Services, Inc. provides transportation services for disabled persons and senior citizens throughout Utah County.

**Financial Statement Presentation**

The Organization reports information regarding its financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of Organization’s management and board of trustees.

The Organization reports a designation of nets assets without donor restrictions to reflect the estimated amount necessary to pay unemployment benefits should the Organization’s contract with the Utah Transit Authority be discontinued.

*Net assets with donor restrictions* – Net assets subject to stipulations imposed by donors and grantors.

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

**Summarized Comparative Financial Information**

The financial statements include certain prior-year summarized comparative information in total but not by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2019, from which the summarized information was derived.

**Tax Status**

The Organization is incorporated exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). Contributions to the Organization are tax deductible to donors under Section 170 of the IRC. The Organization is not classified as a private foundation. Also, the Organization is not subject to state income taxes.

**UNITED WAY COMMUNITY SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

---

**Revenue Recognition**

Revenues from grants and contracts are recognized in the period in which approved expenses are incurred or when services have been performed. No allowance for doubtful accounts has been established. Management believes all amounts are collectible.

**Allocation of Expenses**

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Directly identifiable expenses are charged to program and other activities and indirect expenses are allocated to based on estimated time and effort or square footage used. Such allocations are determined by management on an equitable basis.

**Prepaid Expenses**

Prepaid expenses consist of amounts paid for which the benefit extends beyond the current period. Prepaid expenses include insurance premiums and rent.

**Fixed Assets**

Fixed assets are carried at cost or, if donated, at fair market value at the date of donation. Depreciation is computed on a straight-line basis over three to ten years.

**Accounting Estimates**

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

**New Accounting Pronouncement**

FASB issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (Topic 958) – *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU assists entities in evaluating whether a transaction is a contribution (nonreciprocal) or an exchange (reciprocal) transaction and in determining when a contribution is conditional. The ASU has two implementation dates; for transactions where the organization is a recipient of resources the ASU is effective for reporting periods beginning after December 15, 2018 and for transactions where the organization is a provider of resources the ASU is effective for reporting periods after December 31, 2019.

The Organization has implemented this ASU for transactions in which it is a recipient of resources during the year ended December 31, 2019. The ASU has not been applied retrospectively to transactions occurring prior to the ASU's implementation.

**Subsequent Events**

The Organization has evaluated subsequent events through October 5, 2020, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

**UNITED WAY COMMUNITY SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

---

**NOTE 2 – PPP Loan**

The Organization received loan proceeds of \$230,900 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act, provides for loans to qualifying businesses. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes (including payroll, benefits, rent and utilities) and maintains its payroll levels.

The Organization intends to use the loan proceeds for purposes consistent with the PPP and believes that the Organization's use of the loan proceeds will meet the conditions for forgiveness of the loan. Any unforgiven portion of the loan bears interest at a rate of 1 percent. Should any portion of the PPP loan be deemed unforgiven, the Organization has two years to retire the loan. Principal payments required should the entire amount not be forgiven would be \$84,835 and \$146,065 for the years ending June 30, 2021 and 2022, respectively.

**NOTE 3 – AVAILABILITY AND LIQUIDITY**

The following represents Organization's financial assets at June 30, 2020:

Financial assets at year end:	
Cash	\$ 241,133
Accounts receivable	190,561
	<hr/>
Total financial assets	431,694
Less amounts not available to be used within one year:	
Net assets designated for benefits	200,000
Net assets with donor restrictions	-
	<hr/>
Total not available to be used within one year	200,000
Financial assets available to meet general expenditures over the next twelve months	<hr/> <hr/>
	\$ 231,694

The Organization's goal is generally to maintain financial assets to meet three months of operating expenses (approximately \$490,000). Operating expenses are defined by the Organization as total expenses less depreciation and in-kind expenses (see Note 4).

**NOTE 4 – CONTRIBUTED MATERIALS, EQUIPMENT, AND SERVICES**

The Organization does not have title to all of the vehicles in its use. Some of the vehicles used by the Organization are owned by Utah Transit Authority (UTA) and are not listed as assets of the Organization. Management has estimated the fair lease value of the vehicles provided to the Organization at no cost by UTA and recorded that amount as revenue and expense in the Statement of Activities. The value of these contributions was \$201,600 for the year ended June 30, 2020.

As part of the Organization's service-provider contract with UTA, the Organization received fuel for its vehicles at no charge and recorded that amount as revenue and expense in the statement of activities. The value of the fuel received from UTA at no charge was \$81,358 for the year ended June 30, 2020.

**UNITED WAY COMMUNITY SERVICES, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

---

No amounts have been reflected in the statements for donated services inasmuch as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time to the Organization.

**NOTE 5 – ECONOMIC DEPENDENCE**

The Organization receives substantially all of its revenue from service-provider contracts and grants. Revenue from these contracts and grants is dependent upon the funding policies of the contractors and grantors and, as such, can be adjusted at any time.

**NOTE 6 – RELATED PARTY TRANSACTIONS**

The Organization is related to United Way of Central and Southern Utah (United Way) through common control, as one Board of Trustees governs both entities. The Organization owed United Way \$450,542 at June 30, 2020.

The Board of Trustees approved a support services fee to be charged to the Organization by United Way for administrative services. The management fee amount was \$206,488 for the year ended June 30, 2020.

The Organization leases a parking lot from United Way. Lease expense was \$77,520 for the year ended June 30, 2020.

The Organization subleases a portion of the building owned by United Way and leased by Community Action Services and Food Bank. This sublease expired in December 2011, but the Organization continues to sublease office space at the same monthly rate. In addition, the Organization is assessed a portion of the rent of the building United Way occupies. Lease expense for these two office spaces was \$33,241 for the year ended June 30, 2020.

**NOTE 7 – RETIREMENT PLAN**

A defined contribution plan is provided for all qualified employees who have been with the Organization for one or more years. The Organization contributes 5 percent of qualified employees' gross earnings to the plan. In addition, the Organization matches 50 percent of the first 6 percent of employee contributions. Organization contributions were \$52,549 for the year ended June 30, 2020.

## **OTHER REPORT**



Independent Auditor's Report on Internal Control over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

Board of Trustees  
United Way Community Services, Inc.

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 Community Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, 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 5, 2020.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered United Way Community Services, Inc.'s internal control over financial reporting (internal control) to determine the 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 Community Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of United Way Community Services, Inc.'s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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 may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether United Way Community Services, Inc.'s financial statements are free of 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 determination of financial statement amounts. 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 Community Services, Inc.'s 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 Community Services, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Squire & Company, PC*

Orem, Utah  
October 5, 2020