

UNITED WAY COMMUNITY SERVICES, INC.

AUDITED FINANCIAL STATEMENTS

Year Ended June 30, 2021

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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, 2021, 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, 2021, 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 2020 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated October 5, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2021 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 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 Community Services, Inc.'s 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.

Squire & Company, PC

Orem, Utah
October 18, 2021

UNITED WAY COMMUNITY SERVICES, INC.
STATEMENT OF FINANCIAL POSITION

June 30, 2021, with Comparative Totals for 2020

	2021	2020
ASSETS		
Current Assets:		
Cash	\$ 213,037	\$ 241,133
Accounts receivable	186,586	190,561
Prepaid expenses	16,007	14,180
Total current assets	415,630	445,874
Fixed Assets:		
Furniture and equipment	68,932	68,932
Vehicles	721,120	1,031,547
Accumulated depreciation	(662,170)	(842,240)
Net fixed assets	127,882	258,239
Total assets	\$ 543,512	\$ 704,113
LIABILITIES AND NET (DEFICIENCY IN) ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 26,803	\$ 37,114
Due to United Way of Central and Southern Utah	199,789	450,542
PPP loan	230,900	230,900
Accrued compensated absences	75,715	70,670
Total current liabilities	533,207	789,226
Net (Deficiency in) Assets Without Donor Restrictions:		
Undesignated	(189,695)	(285,113)
Designated for benefits	200,000	200,000
Total net (deficiency in) assets without donor restrictions	10,305	(85,113)
Total liabilities and net (deficiency in) assets	\$ 543,512	\$ 704,113

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

UNITED WAY COMMUNITY SERVICES, INC.
STATEMENT OF ACTIVITIES

Year Ended June 30, 2021, with Comparative Totals for 2020

	2021	2020
Net Assets Without Donor Restrictions:		
Revenues and Support:		
Transportation services:		
Utah Transit Authority funding	\$ 1,734,789	\$ 1,633,182
Service provider contracts	-	80,359
Agency services	4,500	78,944
Rider fares	7,820	32,742
In-kind donations	270,693	282,958
	<u>2,017,802</u>	<u>2,108,185</u>
Total transportation services	2,017,802	2,108,185
Other revenues	897	2,849
Gain on sale of fixed assets	49,559	16,000
	<u>49,559</u>	<u>16,000</u>
Total revenues and support	2,068,258	2,127,034
Expenses:		
Program services:		
Paratransit program services	1,821,350	2,247,942
Supporting services:		
General and administrative	151,490	138,666
	<u>151,490</u>	<u>138,666</u>
Total expenses	1,972,840	2,386,608
	<u>1,972,840</u>	<u>2,386,608</u>
Change in Net Assets	95,418	(259,574)
Net (Deficiency in) Assets at Beginning of Year	(85,113)	174,461
	<u>(85,113)</u>	<u>174,461</u>
Net (Deficiency in) Assets at End of Year	<u>\$ 10,305</u>	<u>\$ (85,113)</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, 2021, with Comparative Totals for 2020

	Paratransit Program Services	General and Administrative	Totals	
			2021	2020
Salaries and wages	\$ 704,797	\$ 75,706	\$ 780,503	\$ 967,918
Employee benefits	191,113	11,803	202,916	231,589
Payroll taxes	51,502	4,898	56,400	71,258
Total personnel expenses	947,412	92,407	1,039,819	1,270,765
Conferences and training	-	-	-	(1,565)
Dues and subscriptions	994	-	994	1,421
Liability insurance	1,533	146	1,679	3,754
Marketing	-	-	-	898
Occupancy costs	110,607	3,147	113,754	116,761
Repairs and maintenance	5,226	497	5,723	1,052
Postage	165	-	165	543
Printing and copying	4,795	-	4,795	5,375
Professional fees	-	24,395	24,395	30,158
Rewards	-	-	-	1,564
Supplies	3,326	316	3,642	5,432
Travel and meals	1,060	1,130	2,190	2,676
Vehicle expense	439,981	-	439,981	595,474
Support services	188,554	17,934	206,488	206,488
Miscellaneous	238	346	584	721
Total before depreciation	1,703,891	140,318	1,844,209	2,241,517
Depreciation	117,459	11,172	128,631	145,091
Total functional expenses	<u>\$ 1,821,350</u>	<u>\$ 151,490</u>	<u>\$ 1,972,840</u>	<u>\$ 2,386,608</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, 2021, with Comparative Totals for 2020

	2021	2020
Cash Flows from Operating Activities:		
Change in net assets	\$ 95,418	\$ (259,574)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	128,631	145,091
Gain on sale of fixed assets	(49,559)	(16,000)
Changes in operating assets and liabilities:		
Accounts receivable	3,975	5,001
Prepaid expenses	(1,827)	16,668
Accounts payable and accrued expenses	(10,311)	(12,498)
Due to United Way of Central and Southern Utah	(250,753)	70,951
Accrued compensated absences	5,045	(17,549)
Net cash used by operating activities	(79,381)	(67,910)
Cash Flows from Investing Activities:		
Proceeds from sale of fixed assets	51,285	16,000
Cash Flows from Financing Activities:		
Proceeds from PPP loan	-	230,900
Net Change in Cash	(28,096)	178,990
Cash at Beginning of Year	241,133	62,143
Cash at End of Year	\$ 213,037	\$ 241,133

Supplemental Data:

The Organization paid no interest or income taxes for the year ended June 30, 2021.

The Organization had no noncash investing or financing activities during the year ended June 30, 2021.

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, 2020, 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.

Subsequent Events

The Organization has evaluated subsequent events through October 18, 2021, 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.

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 used 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. At June 30, 2021, the Organization's application for loan forgiveness was being processed and was entirely forgiven subsequently.

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

NOTE 3 – AVAILABILITY AND LIQUIDITY

The following represents Organization’s financial assets at June 30, 2021:

Financial assets at year end:		
Cash	\$	213,037
Accounts receivable		<u>186,586</u>
Total financial assets		399,623
Less amounts not available to be used within one year:		
Net assets designated for benefits		<u>200,000</u>
Financial assets available to meet general expenditures over the next twelve months	\$	<u><u>199,623</u></u>

The Organization’s goal is generally to maintain financial assets to meet three months of operating expenses (approximately \$400,000). 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, 2021.

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 \$69,093 for the year ended June 30, 2021.

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 \$199,789 at June 30, 2021.

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

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, 2021.

The Organization leases a parking lot from United Way. Lease expense was \$77,520 for the year ended June 30, 2021.

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 \$30,234 for the year ended June 30, 2021.

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 \$42,358 for the year ended June 30, 2021.

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, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 18, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Way 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of United Way 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 18, 2021