

UNITED WAY COMMUNITY SERVICES, INC.

AUDITED FINANCIAL STATEMENTS

Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
United Way Community Services, Inc.

Report on Financial Statements

Opinion

We have audited the accompanying financial statements of United Way Community Services, Inc. (the Organization) (a nonprofit organization) which comprise the statement of financial position as of June 30, 2022, 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 financial statements referred to above present fairly, in all material respects, the financial position of United Way Community Services, Inc. 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 Community Services, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way Community Services, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are 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 Community Services, Inc.'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 Community Services, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited United Way Community Services, Inc.'s 2021 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated October 18, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2022 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
December 8, 2022

UNITED WAY COMMUNITY SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2022, with Comparative Totals for 2021

	2022	2021
ASSETS		
Current Assets:		
Cash	\$ 137,083	\$ 213,037
Accounts receivable	284,657	186,586
Prepaid expenses	23,745	16,007
Total current assets	445,485	415,630
Fixed Assets:		
Furniture and equipment	68,932	68,932
Vehicles	769,700	721,120
Accumulated depreciation	(709,663)	(662,170)
Net fixed assets	128,969	127,882
Total assets	\$ 574,454	\$ 543,512
LIABILITIES AND NET (DEFICIENCY IN) ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 28,715	\$ 26,803
Due to United Way of Central and Southern Utah	-	199,789
PPP loan	-	230,900
Accrued compensated absences	86,961	75,715
Total current liabilities	115,676	533,207
Net Assets Without Donor Restrictions:		
Undesignated	258,778	(189,695)
Designated for benefits	200,000	200,000
Total net assets without donor restrictions	458,778	10,305
Total liabilities and net assets	\$ 574,454	\$ 543,512

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

UNITED WAY COMMUNITY SERVICES, INC.
STATEMENT OF ACTIVITIES

Year Ended June 30, 2022, with Comparative Totals for 2021

	2022	2021
Net Assets Without Donor Restrictions:		
Revenues, Support, and Gains:		
Transportation services:		
Utah Transit Authority funding	\$ 1,980,769	\$ 1,734,789
Service provider contracts	31,985	-
Agency services	51,900	4,500
Rider fares	12,035	7,820
In-kind donations	510,588	270,693
	<hr/>	<hr/>
Total transportation services	2,587,277	2,017,802
Other revenues	630	897
Gain on forgiveness of PPP loan	230,900	-
Gain on sale of fixed assets	1,500	49,559
	<hr/>	<hr/>
Total revenues, support, and gains	2,820,307	2,068,258
Expenses:		
Program services:		
Paratransit program services	2,201,926	1,821,350
Supporting services:		
General and administrative	169,908	151,490
	<hr/>	<hr/>
Total expenses	2,371,834	1,972,840
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Change in Net Assets	448,473	95,418
Net (Deficiency in) Assets at Beginning of Year	10,305	(85,113)
	<hr/>	<hr/>
Net Assets at End of Year	<u>\$ 458,778</u>	<u>\$ 10,305</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, 2022, with Comparative Totals for 2021

	Paratransit Program Services	General and Administrative	Totals	
			2022	2021
Salaries and wages	\$ 871,818	\$ 77,906	\$ 949,724	\$ 780,503
Employee benefits	178,935	29,593	208,528	202,916
Payroll taxes	63,521	5,708	69,229	56,400
Total personnel expenses	1,114,274	113,207	1,227,481	1,039,819
Conferences and training	7,463	100	7,563	-
Dues and subscriptions	269	-	269	994
Liability insurance	3,270	294	3,564	1,679
Marketing	76	-	76	-
Occupancy	110,806	2,991	113,797	113,754
Repairs and maintenance	871	78	949	5,723
Postage	13	-	13	165
Printing and copying	3,651	-	3,651	4,795
Professional fees	-	27,739	27,739	24,395
Rewards	434	-	434	-
Supplies	1,103	100	1,203	3,642
Travel and meals	1,193	1,148	2,341	2,190
Vehicle expense	689,729	-	689,729	439,981
Support services	200,862	18,048	218,910	206,488
Miscellaneous	3,180	387	3,567	584
Total before depreciation	2,137,194	164,092	2,301,286	1,844,209
Depreciation	64,732	5,816	70,548	128,631
Total functional expenses	<u>\$ 2,201,926</u>	<u>\$ 169,908</u>	<u>\$ 2,371,834</u>	<u>\$ 1,972,840</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, 2022, with Comparative Totals for 2021

	2022	2021
Cash Flows from Operating Activities:		
Change in net assets	\$ 448,473	\$ 95,418
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	70,548	128,631
Gain on sale of fixed assets	(1,500)	(49,559)
In-kind donation of equipment	(57,308)	-
Gain on forgiveness of PPP loan	(230,900)	-
Changes in operating assets and liabilities:		
Accounts receivable	(98,071)	3,975
Prepaid expenses	(7,738)	(1,827)
Accounts payable and accrued expenses	1,912	(10,311)
Due to United Way of Central and Southern Utah	(199,789)	(250,753)
Accrued compensated absences	11,246	5,045
Net cash used by operating activities	<u>(63,127)</u>	<u>(79,381)</u>
Cash Flows from Investing Activities:		
Proceeds from sale of fixed assets	1,500	51,285
Purchases of fixed assets	<u>(14,327)</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>(12,827)</u>	<u>51,285</u>
Net Change in Cash	(75,954)	(28,096)
Cash at Beginning of Year	<u>213,037</u>	<u>241,133</u>
Cash at End of Year	<u><u>\$ 137,083</u></u>	<u><u>\$ 213,037</u></u>

Supplemental Data:

The Organization paid no interest or income taxes during the year ended June 30, 2022.

The Organization received an in-kind donation of \$57,308 representing 80 percent of the fair value of a vehicle purchased during the year ended June 30, 2022.

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, 2021, 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 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 December 8, 2022, 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 was granted forgiveness of the loan during the year ended June 30, 2022.

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, 2022:

Financial assets at year end:	
Cash	\$ 137,083
Accounts receivable	284,657
	<hr/>
Total financial assets	421,740
Less amounts not available to be used within one year:	
Net assets designated for benefits	200,000
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Financial assets available to meet general expenditures over the next twelve months	 \$ 221,740
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The Organization’s goal is generally to maintain financial assets to meet three months of operating expenses (approximately \$450,000). 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 \$302,400 for the year ended June 30, 2022.

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 \$150,880 for the year ended June 30, 2022.

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 \$0 at June 30, 2022.

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 \$218,910 for the year ended June 30, 2022.

The Organization leases a parking lot from United Way. Lease expense was \$77,520 for the year ended June 30, 2022.

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 \$30,277 for the year ended June 30, 2022.

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 \$47,379 for the year ended June 30, 2022.

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, 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 December 8, 2022.

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
December 8, 2022