

UNITED WAY OF STORY COUNTY, INC.

FINANCIAL REPORT

June 30, 2023

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SCHNURR & ORGANIZATION, LLP
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Story County, Inc.
Ames, Iowa

Opinion

We have audited the accompanying financial statements of United Way of Story County, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years 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 of Story County, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Story County, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 of Story County, Inc.'s ability to continue as a going concern within one year after the date that the 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Story County, 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 of Story County, Inc.'s ability to continue as a going concern for a reasonable period of time.

Emphasis of Matter

As discussed in Note 1 to the financial statements, United Way of Story County, Inc. adopted FASB ASC 842, *Leases*. Our conclusion is not modified with respect to this matter.

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.

Schnell & Company, LLP

Ames, Iowa
September 18, 2023

UNITED WAY OF STORY COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

ASSETS	2023	2022
Current Assets:		
Cash	\$ 1,559,790	\$ 1,177,419
Contributions receivable, less allowance for doubtful accounts \$55,000 2023 and 2022	408,959	448,325
Prepaid expenses	13,382	21,123
Total current assets	1,982,131	1,646,867
Investments:		
Annuities	192,405	187,132
Beneficial interest in assets held by a Community Foundation	1,537,775	1,390,028
	1,730,180	1,577,160
Improvements and Equipment:		
Leasehold improvements	91,992	91,992
Office furniture and equipment	115,285	130,494
	207,277	222,486
Less accumulated depreciation	189,031	190,715
	18,246	31,771
Other Assets:		
Operating lease right-of-use assets, net of accumulated amortization 2023 \$9,709; 2022 \$0	36,580	-
	36,580	-
Total assets	\$ 3,767,137	\$ 3,255,798

See Notes to Financial Statements.

LIABILITIES AND NET ASSETS	2023	2022
Current Liabilities:		
Current maturities of operating lease liability	\$ 12,677	\$ -
Accounts payable	56,861	30,394
Custody accounts payable	10,894	7,304
Accrued expenses	42,217	33,952
Deferred grant revenue	4,786	4,786
Designations payable	150,277	144,968
Total current liabilities	277,712	221,404
Long-term Liabilities:		
Operating lease liability, less current maturities	24,142	-
	24,142	-
Net Assets:		
Without donor restrictions:		
Undesignated	1,597,053	1,260,798
Board designated, operating reserve	475,000	515,000
Board designated, partner agency reserve	280,000	245,000
Board designated, SCCAN Program	7,370	7,370
	2,359,423	2,028,168
With donor restrictions:		
Perpetual in nature	949,830	858,342
Purpose restrictions	156,030	147,884
	1,105,860	1,006,226
Total net assets	3,465,283	3,034,394
Total liabilities and net assets	\$ 3,767,137	\$ 3,255,798

UNITED WAY OF STORY COUNTY, INC.

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Public support:			
Contributions and donations	\$ 2,023,425	\$ 160,465	\$ 2,183,890
Donated materials/services	47,884	3,198	51,082
Grants	224,052	10,000	234,052
Miscellaneous	40,413	4,711	45,124
Total public support	2,335,774	178,374	2,514,148
Revenue:			
Interest and dividend income, net of expense	82,523	17,387	99,910
Realized (loss) on investments	(264)	(187)	(451)
Unrealized gain on investments	34,042	56,022	90,064
Total public support and revenue	2,452,075	251,596	2,703,671
Net Assets Released from Restrictions:			
Expended in accordance with donors' restrictions	151,962	(151,962)	-
Expenses:			
Program services:			
Community betterment	661,724	-	661,724
Supporting services:			
Management and general	80,460	-	80,460
Fundraising	228,867	-	228,867
Total expenses	971,051	-	971,051
Change in net assets before distributions	1,632,986	99,634	1,732,620
Distributions:			
Disbursements to other agencies	(1,301,731)	-	(1,301,731)
Change in net assets	331,255	99,634	430,889
Net assets, beginning of year	2,028,168	1,006,226	3,034,394
Net assets, end of year	\$ 2,359,423	\$ 1,105,860	\$ 3,465,283

See Notes to Financial Statements.

UNITED WAY OF STORY COUNTY, INC.

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Public support:			
Contributions and donations	\$ 1,743,493	\$ 185,685	\$ 1,929,178
Donated materials/services	72,219	4,085	76,304
Grants	162,989	8,500	171,489
Miscellaneous	29,669	-	29,669
Total public support	2,008,370	198,270	2,206,640
Revenue:			
Interest and dividend income, net of expense	21,218	13,579	34,797
Realized gain on investments	7,276	12,115	19,391
Unrealized (loss) on investments	(89,749)	(146,889)	(236,638)
Total public support and revenue	1,947,115	77,075	2,024,190
Net Assets Released from Restrictions:			
Expended in accordance with donors' restrictions	194,185	(194,185)	-
Expenses:			
Program services:			
Community betterment	658,598	-	658,598
Supporting services:			
Management and general	78,435	-	78,435
Fundraising	212,641	-	212,641
Total expenses	949,674	-	949,674
Change in net assets before distributions	1,191,626	(117,110)	1,074,516
Distributions:			
Disbursements to other agencies	(1,318,264)	-	(1,318,264)
Change in net assets	(126,638)	(117,110)	(243,748)
Net assets, beginning of year	2,154,806	1,123,336	3,278,142
Net assets, end of year	\$ 2,028,168	\$ 1,006,226	\$ 3,034,394

See Notes to Financial Statements.

UNITED WAY OF STORY COUNTY, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2023**

	Program Services	Supporting Services		Total Expense
	Community Betterment	Management and General	Fundraising	
Salaries	\$ 300,933	\$ 48,106	\$ 131,571	\$ 480,610
Payroll taxes	22,213	3,505	9,656	35,374
Professional fees	-	7,220	-	7,220
Supplies	19,836	1,673	2,390	23,899
Telephone	7,405	625	892	8,922
Postage	2,156	182	260	2,598
Reference publications	216	18	26	260
Employee benefits	7,419	3,184	4,632	15,235
Service, repairs and small equipment	34,888	2,942	4,203	42,033
Insurance	28,764	2,426	3,466	34,656
Office space rent	22,788	1,922	2,746	27,456
Conferences and training	1,930	163	233	2,326
Transportation	1,985	167	239	2,391
Utilities	3,103	262	374	3,739
Dues	21,155	1,784	2,549	25,488
Depreciation	11,225	947	1,353	13,525
Provision for doubtful accounts	31,385	-	31,385	62,770
Contract services	98,939	1,587	-	100,526
Marketing/advertising	-	-	12,549	12,549
Campaign	-	-	6,433	6,433
Golf event	951	-	8,557	9,508
Miscellaneous	44,433	3,747	5,353	53,533
	\$ 661,724	\$ 80,460	\$ 228,867	\$ 971,051

See Notes to Financial Statements.

UNITED WAY OF STORY COUNTY, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2022**

	Program Services		Supporting Services		Total Expense
	Community Betterment	Management and General	Fundraising		
Salaries	\$ 281,871	\$ 40,956	\$ 120,087	\$ 442,914	
Payroll taxes	21,383	3,090	9,065	33,538	
Professional fees	-	11,365	-	11,365	
Supplies	18,389	1,551	2,216	22,156	
Telephone	6,138	518	740	7,396	
Postage	1,710	144	206	2,060	
Reference publications	424	36	51	511	
Employee benefits	7,829	1,075	3,137	12,041	
Service, repairs and small equipment	38,572	3,253	4,647	46,472	
Insurance	34,483	2,908	4,155	41,546	
Office space rent	20,315	1,713	2,448	24,476	
Conferences and training	3,341	282	403	4,026	
Transportation	1,599	135	193	1,927	
Utilities	2,916	246	351	3,513	
Dues	34,227	2,887	4,124	41,238	
Depreciation	16,105	1,358	1,940	19,403	
Provision for doubtful accounts	26,949	-	26,949	53,898	
Contract services	80,276	1,751	-	82,027	
Marketing/advertising	-	-	9,250	9,250	
Campaign	-	-	8,009	8,009	
Golf event	810	-	7,288	8,098	
Miscellaneous	61,261	5,167	7,382	73,810	
	<u>\$ 658,598</u>	<u>\$ 78,435</u>	<u>\$ 212,641</u>	<u>\$ 949,674</u>	

See Notes to Financial Statements.

UNITED WAY OF STORY COUNTY, INC.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ 430,889	\$ (243,748)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	13,525	19,403
Amortization of the operating right-of-use assets	9,709	-
Realized (gain) loss on investments	451	(19,391)
Unrealized (gain) loss on investments	(90,064)	236,638
Provision for doubtful accounts	62,770	53,898
Effect of changes in:		
Contributions receivable	(23,404)	(3,331)
Interest receivable	-	1,638
Prepaid expenses	7,741	(3,909)
Accounts payable	26,467	28,611
Custody accounts payable	3,590	(1,106)
Accrued expenses	8,265	(10,291)
Designations payable	5,309	46,237
Operating lease liability	(9,470)	-
Net cash provided by operating activities	445,778	104,649
Cash Flows from Investing Activities		
Purchase of assets held by a Community Foundation	(102,427)	(82,511)
Proceeds from sale of assets held by a Community Foundation	44,293	44,480
Purchase of annuities	(5,273)	(7,854)
Proceeds from certificates of deposit and annuities	-	408,460
Net cash provided by (used in) investing activities	(63,407)	362,575
Net increase in cash	382,371	467,224
Cash:		
Beginning	1,177,419	710,195
Ending	\$ 1,559,790	\$ 1,177,419
Supplemental Disclosures of Noncash Investing and Financing Activities:		
Lease assets obtained in exchange for lease obligations:		
Operating leases	\$ 46,289	\$ -

See Notes to Financial Statements.

UNITED WAY OF STORY COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies

Nature of activity: The United Way of Story County, Inc. is a nonprofit organization (the Organization) organized under the provisions of Chapter 504 of the Code of Iowa. The objective of the Organization is the federation of the health, youth and welfare agencies of Story County. Participating agencies are to give maximum service in the way of community betterment, leaving to each of the agencies its separate organization and management of affairs.

A summary of the Organization's significant accounting policies follows:

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of financial position and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

Contributions receivable: Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to be net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectible contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Investments: Investments consist of annuities reported at cost, which approximates market value. Beneficial interest in assets held by a Community Foundation consist of assets managed by the Community Foundation of Greater Des Moines and consist of investments in both a long-term growth portfolio and indexed growth portfolio. Beneficial interest in assets held by a Community Foundation are reported at fair value as determined using quoted market prices. Investment income or loss is included in the statement of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Improvements and equipment: Improvements and equipment acquisitions are recorded at cost using a capitalization policy of \$5,000. Donated improvements and equipment are recorded at fair market value at the time of the donation. Depreciation is computed using the straight-line method over the estimated useful lives of 3 – 5 years for equipment and 5 – 9 years for improvements.

Leases: The Organization leases real estate and equipment. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in operating lease right-of-use ("ROU") assets, other current liabilities, and long-term liabilities in the statement of financial position.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies (Continued)

Significant accounting policies (continued):

Leases (continued): ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization uses the implicit rate when it is readily determinable. Since the Organization's leases don't provide an implicit rate, to determine the present value of lease payments, management uses the risk-free discount rate (3.21% - 3.94%) according to the Organization's elected policy. Operating lease ROU assets also include any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised.

The Organization's lease agreements have lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices.

The real estate agreement includes provisions or variable rent payments, which are adjusted annually. The lease agreement does not contain any material residual value guarantee.

Custody accounts payable: Custody accounts payable represents accounts and programs in which the United Way acts as a fiscal agent.

Designations payable: Designations payable represents those amounts that the donor and board specified to be disbursed to a specific party. Those disbursements are classified on the statement of activities as disbursements to other agencies.

Net assets: Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve, partner agency reserve, and SCCAN program.

Net assets with donor restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activity and Significant Accounting Policies (Continued)

Significant accounting policies (continued):

Revenue and revenue recognition: Revenue is recognized when earned. Grants under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated services and materials: The Organization recognizes donated services and materials as in-kind revenues at the time the services and materials are received. These in-kind contributions and the corresponding expenses are valued at their fair market value as estimated by management and/or donors and recognized in the financial statements.

The value of donated services and materials included in the financial statements for the years ended June 30, 2023 and 2022 follows:

	2023	2022
Golf event	\$ 9,424	\$ 8,098
Other	41,658	68,206
	<u>\$ 51,082</u>	<u>\$ 76,304</u>

In addition, the Organization receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. No amounts have been recognized in the statement of activities because the criteria for recognition under generally accepted accounting principles have not been satisfied.

Advertising: The Organization expenses advertising costs as incurred. Total marketing and advertising expense was \$12,549 and \$9,250 for the years ended June 30, 2023 and 2022, respectively.

Functional allocation of expenses: The costs of programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent events: Subsequent events have been evaluated through September 18, 2023, which is 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.

NOTES TO FINANCIAL STATEMENTS

Note 2. Liquidity and Availability

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2023	2022
Cash	\$ 1,559,790	\$ 1,177,419
Contributions receivable	408,959	448,325
Beneficial interest in assets held by a community foundation	587,945	531,686
	<u>\$ 2,556,694</u>	<u>\$ 2,157,430</u>

The Organization's endowment funds consist of donor-restricted 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.

As part of the Organization's liquidity management plan, cash in excess of daily requirements is invested in money market accounts, certificates of deposit, annuities and funds maintained by the Community Foundation of Greater Des Moines. The Board designates a portion of its operating surplus to an operating reserve, partner agency reserve and SCCAN Program, which was \$475,000, \$280,000 and \$7,370, respectively at June 30, 2023 and \$515,000, \$245,000 and \$7,370, respectively at June 30, 2022.

Note 3. Investments

Investments are stated at fair value and are summarized as follows:

	June 30, 2023			June 30, 2022		
	Cost or Donated Value	Fair Value	Unrealized Appreciation	Cost or Donated Value	Fair Value	Unrealized Appreciation
Annuities	\$ 192,405	\$ 192,405	\$ -	\$ 187,132	\$ 187,132	\$ -
Beneficial interest in assets held by a Community Foundation	1,361,005	1,537,775	176,770	1,303,350	1,390,028	86,678
	<u>\$ 1,553,410</u>	<u>\$ 1,730,180</u>	<u>\$ 176,770</u>	<u>\$ 1,490,482</u>	<u>\$ 1,577,160</u>	<u>\$ 86,678</u>

FASB Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*, establishes a three-tier fair value hierarchy, which categorizes the inputs used in measuring fair value. These categories include:

Level 1, defined as unadjusted quoted prices in active markets accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and

Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

NOTES TO FINANCIAL STATEMENTS

Note 3. Investments (Continued)

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at June 30, 2023 and 2022.

Annuities – Amounts reported for these instruments are stated at fair value using quoted prices of assets with similar characteristics in active markets.

Beneficial interest in assets held by a Community Foundation – These investments are valued at the pro-rata share of the Community Foundation's investment portfolio. This diversified portfolio of global stocks, fixed income and alternative investments through indexed funds is allocated approximately 70% equity and 30% fixed income and alternative investments. The unobservable inputs are the underlying assets in the Community Foundation and follow their investment policy.

	Investments at Fair Value as of June 30,					
	2023			2022		
	Level 2	Level 3	Total	Level 2	Level 3	Total
Annuities	\$ 192,405	\$ -	\$ 192,405	\$ 187,132	\$ -	\$ 187,132
Beneficial interest in assets held by a Community Foundation	-	1,537,775	1,537,775	-	1,390,028	1,390,028
	\$ 192,405	\$ 1,537,775	\$ 1,730,180	\$ 187,132	\$ 1,390,028	\$ 1,577,160

The following is a reconciliation of the beginning and ending balances of assets measured at fair value on a recurring basis using significant unobservable (Level 3) inputs during the years ended June 30, 2023 and 2022:

	Beneficial Interest in Assets Held by a Community Foundation	
	2023	2022
Beginning balance	\$ 1,390,028	\$ 1,569,244
Contributions	74,447	60,711
Investment income	117,593	(195,447)
Distributions	(44,293)	(44,480)
Ending balance	\$ 1,537,775	\$ 1,390,028

NOTES TO FINANCIAL STATEMENTS

Note 4. Lease Agreement

The Company adopted FASB ASC 842 due to the Company entering into long-term lease agreements. Those leases are the only leases required to be included on the balance sheet under FASB ASC 842. As a result, adopting FASB ASC 842 had no impact on prior year balance sheet information, and because these leases are operating leases, the adoption of this standard had no impact on the results of operations.

The Company has elected to apply the short-term lease exception to all leases with a term of one year or less.

As of June 30, 2023, the operating lease right-of-use (ROU) asset had a balance of \$36,580, as shown in other assets on the balance sheet; the lease liability is included in current liabilities, \$12,677, and long-term liabilities, \$24,142. The lease asset and liability were calculated utilizing the risk-free discount rate ranging from 3.21% to 3.94%, according to the Organization's elected policy.

Additional information about the Company's leases is as follows:

	Years Ended	
	2023	2022
Lease Costs (included in operating expenses):		
Operating lease cost	\$ 10,443	\$ -
Short-term lease cost	16,045	26,419
Total lease cost	\$ 26,488	\$ 26,419
Amortization	\$ 9,709	\$ -
Interest expense	734	-
Other Information:		
Cash paid for amounts included in measuring operating lease liabilities:		
Operating cash flows from operating leases	\$ 9,470	\$ -
Lease assets obtained in exchange for lease obligations:		
Operating leases	46,289	-
Weighted-average remaining lease term (years)	3.48	-
Weighted-average discount rate	3.63%	-

Maturities of operating lease liabilities as of June 30, 2023:

Years Ending June 30:	
2024	\$ 13,812
2025	12,312
2026	4,813
2027	4,813
2028	3,609
Total lease payments	39,359
Less: interest	(2,540)
Present value of lease liabilities	<u>\$ 36,819</u>

NOTES TO FINANCIAL STATEMENTS

Note 5. Tax Status

The United Way of Story County, Inc. is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code.

Note 6. Retirement Plan

The Organization has established a salary deferral plan under Section 401(k) of the Internal Revenue Code. The plan allows eligible employees the option to defer a portion of their compensation on a tax deferred basis or contribute to a non-tax deferred Roth on the first of the month after the date of hire. The Organization is required to match up to 4% of an eligible employee's wages. To be eligible for the match, an employee must be with the Organization for one year and have completed at least 1,000 hours of service. The Organization's matching contribution amounted to \$15,235 and \$12,041 for the years ended June 30, 2023 and 2022, respectively.

Note 7. Board Designated Restrictions

The Organization has designated funds within the net assets without donor restrictions class. The purpose of these designations follows:

Operating reserve: This fund was established for the purpose of having the budget equivalent of six months operating monies available if needed. The amount in the fund is determined by the Board on an annual basis.

Partner agency reserve: This fund was established for the purpose of having the budget equivalent of three months of partner agency monies available if needed. The amount in the fund is determined by the Board on an annual basis.

Story County College Access Network (SCCAN) Program: This fund was established to support the work in expanding the program from early education to career.

NOTES TO FINANCIAL STATEMENTS

Note 8. Endowments

The Organization's endowments consist of the United Way of Story County Endow Iowa Fund and the Frankee Oleson Women United Endowment Fund established as funding sources toward making and administering community investments.

As of June 30, 2023 and 2022, the composition of with donor restricted net assets follows:

2023			
	United Way of Story County Endow Iowa Fund	Frankee Oleson Women United Endowment Fund	Total
Original donor restricted gift amount required to be maintained in perpetuity	\$ 844,508	\$ 25,050	\$ 869,558
Accumulated investment gains	65,419	14,853	80,272
	\$ 909,927	\$ 39,903	\$ 949,830
2022			
	United Way of Story County Endow Iowa Fund	Frankee Oleson Women United Endowment Fund	Total
Original donor restricted gift amount required to be maintained in perpetuity	\$ 781,949	\$ 25,050	\$ 806,999
Accumulated investment gains	39,467	11,876	51,343
	\$ 821,416	\$ 36,926	\$ 858,342

The Organization has invested the endowed funds with the Community Foundation of Greater Des Moines and is subject to the investment strategy within the long-term growth portfolio and indexed growth portfolio. The Organization uses an endowment spending-rate formula to determine the maximum amount to spend from the endowment, including those endowments deemed to be underwater, each year. The Organization generally limits appropriations to five percent of the three-year fund value average.

NOTES TO FINANCIAL STATEMENTS

Note 8. Endowments (Continued)

Changes in endowment net assets for the years ended June 30, 2023 and 2022 are as follows:

	2023		
	United Way of Story County Endow Iowa Fund	Frankee Oleson Women United Endowment Fund	Total
Endowment net assets, beginning of year	\$ 821,416	\$ 36,926	\$ 858,342
Contributions	62,559	-	62,559
Investment return, net	70,245	2,977	73,222
Appropriation of endowment assets pursuant to spending-rate policy	(44,293)	-	(44,293)
Endowment net assets, end of year	<u>\$ 909,927</u>	<u>\$ 39,903</u>	<u>\$ 949,830</u>
	2022		
	United Way of Story County Endow Iowa Fund	Frankee Oleson Women United Endowment Fund	Total
Endowment net assets, beginning of year	\$ 935,684	\$ 41,978	\$ 977,662
Contributions	46,255	100	46,355
Investment return, net	(116,043)	(5,152)	(121,195)
Appropriation of endowment assets pursuant to spending-rate policy	(44,480)	-	(44,480)
Endowment net assets, end of year	<u>\$ 821,416</u>	<u>\$ 36,926</u>	<u>\$ 858,342</u>

Note 9. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

	2023	2022
Subject to expenditure for specific purpose:		
Women United	\$ 153,463	\$ 145,304
Food Drive	2,567	2,580
Endowments:		
Subject to endowment spending policy and appropriation:		
Community investment	<u>949,830</u>	858,342
Net assets with donor restrictions, end of year	<u>\$ 1,105,860</u>	<u>\$ 1,006,226</u>

NOTES TO FINANCIAL STATEMENTS

Note 9. Net Assets with Donor Restrictions (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors as follows for the years ended June 30, 2023 and 2022:

	2023	2022
Satisfaction of purpose restrictions:		
Women United	\$ 75,595	\$ 79,697
COVID-19	-	37,159
Food Drive	32,074	32,849
Restricted purpose spending-rate distributions and appropriations:		
Community investment	44,293	44,480
Net assets released from donor restrictions	<u>\$ 151,962</u>	<u>\$ 194,185</u>

Note 10. Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated are reflected in the statement of functional expenses. Salaries, payroll taxes and employee benefits are allocated on the basis of estimates of time and effort. All remaining expenses are allocated by specific identification of costs and historical allocation percentages.