

UNITED WAY OF STORY COUNTY, INC.
FINANCIAL REPORT
June 30, 2025

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of financial position	3
Statement of activities, 2025	4
Statement of activities, 2024	5
Statement of functional expenses, 2025	6
Statement of functional expenses, 2024	7
Statements of cash flows	8
Notes to financial statements	9 - 19



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, 2025 and 2024, 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, 2025 and 2024, 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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.

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.

TrustPoint, LLP

Ames, Iowa
September 17, 2025

UNITED WAY OF STORY COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2025 and 2024

ASSETS	2025	2024
Current Assets:		
Cash	\$ 1,519,232	\$ 1,562,007
Contributions receivable, less allowance for credit losses \$55,000 2025 and 2024	391,248	363,088
Prepaid expenses	12,041	12,769
Accrued interest receivable	-	4,301
Total current assets	1,922,521	1,942,165
Investments:		
Certificates of deposit and annuities	212,744	398,883
Beneficial interest in assets held by a Community Foundation	1,954,863	1,742,255
	2,167,607	2,141,138
Improvements and Equipment:		
Leasehold improvements	96,311	91,992
Office furniture and equipment	115,285	115,285
	211,596	207,277
Less accumulated depreciation	206,812	199,655
	4,784	7,622
Other Assets:		
Operating lease right-of-use assets, net of accumulated amortization 2025 \$9,846; 2024 \$22,700	264,834	23,589
	264,834	23,589
Total assets	\$ 4,359,746	\$ 4,114,514

See Notes to Financial Statements.

LIABILITIES AND NET ASSETS	2025	2024
Current Liabilities:		
Current maturities of operating lease liability	\$ 20,451	\$ 11,619
Accounts payable	33,050	229,311
Custody accounts payable	14,709	18,044
Accrued expenses	41,233	32,553
Deferred grant revenue	4,786	4,786
Designations payable	138,078	133,020
Total current liabilities	252,307	429,333
Long-term Liabilities:		
Operating lease liability, less current maturities	244,873	12,523
	244,873	12,523
Net Assets:		
Without donor restrictions:		
Undesignated	1,730,764	1,658,880
Board designated, operating reserve	510,642	485,000
Board designated, partner agency reserve	289,678	288,000
Board designated, SCCAN Program	7,370	7,370
	2,538,454	2,439,250
With donor restrictions:		
Perpetual in nature	1,166,415	1,062,559
Purpose restrictions	157,697	170,849
	1,324,112	1,233,408
Total net assets	3,862,566	3,672,658
Total liabilities and net assets	\$ 4,359,746	\$ 4,114,514

UNITED WAY OF STORY COUNTY, INC.

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Public support:			
Contributions and donations	\$ 1,908,078	\$ 99,277	\$ 2,007,355
Donated materials/services	34,492	2,420	36,912
Grants	138,868	-	138,868
Miscellaneous	67,012	5,477	72,489
Total public support	2,148,450	107,174	2,255,624
Revenue:			
Interest and dividend income, net of expense	96,578	21,853	118,431
Realized gain on investments	13,472	20,143	33,615
Unrealized gain on investments	54,015	83,187	137,202
Total public support and revenue	2,312,515	232,357	2,544,872
Net Assets Released from Restrictions:			
Expended in accordance with donors' restrictions	141,653	(141,653)	-
Expenses:			
Program services:			
Community betterment	654,030	-	654,030
Supporting services:			
Management and general	128,020	-	128,020
Fundraising	210,248	-	210,248
Total expenses	992,298	-	992,298
Change in net assets before distributions	1,461,870	90,704	1,552,574
Distributions:			
Disbursements to other agencies	(1,362,666)	-	(1,362,666)
Change in net assets	99,204	90,704	189,908
Net assets, beginning of year	2,439,250	1,233,408	3,672,658
Net assets, end of year	\$ 2,538,454	\$ 1,324,112	\$ 3,862,566

See Notes to Financial Statements.

UNITED WAY OF STORY COUNTY, INC.

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Public support:			
Contributions and donations	\$ 1,794,669	\$ 134,353	\$ 1,929,022
Donated materials/services	38,680	1,874	40,554
Grants	384,451	-	384,451
Miscellaneous	25,667	3,525	29,192
Total public support	2,243,467	139,752	2,383,219
Revenue:			
Interest and dividend income, net of expense	116,998	18,319	135,317
Realized gain on investments	18,557	29,867	48,424
Unrealized gain on investments	39,330	63,624	102,954
Total public support and revenue	2,418,352	251,562	2,669,914
Net Assets Released from Restrictions:			
Expended in accordance with donors' restrictions	124,014	(124,014)	-
Expenses:			
Program services:			
Community betterment	679,003	-	679,003
Supporting services:			
Management and general	95,263	-	95,263
Fundraising	225,780	-	225,780
Total expenses	1,000,046	-	1,000,046
Change in net assets before distributions	1,542,320	127,548	1,669,868
Distributions:			
Disbursements to other agencies	(1,462,493)	-	(1,462,493)
Change in net assets	79,827	127,548	207,375
Net assets, beginning of year	2,359,423	1,105,860	3,465,283
Net assets, end of year	\$ 2,439,250	\$ 1,233,408	\$ 3,672,658

See Notes to Financial Statements.

UNITED WAY OF STORY COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2025

	Program Services	Supporting Services		
	Community Betterment	Management and General	Fundraising	Total Expense
Salaries	\$ 301,150	\$ 81,472	\$ 142,850	\$ 525,472
Payroll taxes	25,125	6,797	11,918	43,840
Professional fees	-	6,650	-	6,650
Supplies	9,548	805	1,150	11,503
Telephone	8,104	683	976	9,763
Postage	2,268	191	273	2,732
Reference publications	42	4	4	50
Employee benefits	5,949	1,057	2,362	9,368
Service, repairs and small equipment	34,574	2,916	4,166	41,656
Insurance	52,229	4,405	6,293	62,927
Office space rent	24,021	2,026	2,894	28,941
Conferences and training	10,343	872	1,246	12,461
Transportation	2,024	171	244	2,439
Utilities	2,235	189	269	2,693
Dues	24,532	2,069	2,956	29,557
Depreciation	5,940	501	716	7,157
Provision for credit losses	17,811	-	17,811	35,622
Contract services	60,259	14,461	-	74,720
Marketing/advertising	34,610	-	2,212	36,822
Campaign	267	-	4,240	4,507
Golf event	416	-	3,742	4,158
Miscellaneous	32,583	2,751	3,926	39,260
	\$ 654,030	\$ 128,020	\$ 210,248	\$ 992,298

See Notes to Financial Statements.

UNITED WAY OF STORY COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2024

	Program Services	Supporting Services		
	Community Betterment	Management and General	Fundraising	Total Expense
Salaries	\$ 293,885	\$ 61,281	\$ 142,233	\$ 497,399
Payroll taxes	22,626	3,688	11,548	37,862
Professional fees	-	6,656	-	6,656
Supplies	9,361	789	1,128	11,278
Telephone	7,845	662	945	9,452
Postage	1,561	132	188	1,881
Reference publications	42	4	5	51
Employee benefits	10,733	3,507	5,636	19,876
Service, repairs and small equipment	37,512	3,164	4,520	45,196
Insurance	30,446	2,568	3,668	36,682
Office space rent	23,323	1,967	2,810	28,100
Conferences and training	6,953	586	838	8,377
Transportation	2,697	227	325	3,249
Utilities	2,920	246	352	3,518
Dues	27,104	2,286	3,266	32,656
Depreciation	8,818	744	1,062	10,624
Provision for credit losses	22,238	-	22,238	44,476
Contract services	67,563	1,587	-	69,150
Marketing/advertising	41,642	-	6,591	48,233
Campaign	-	-	7,108	7,108
Golf event	437	-	3,934	4,371
Miscellaneous	61,297	5,169	7,385	73,851
	\$ 679,003	\$ 95,263	\$ 225,780	\$ 1,000,046

See Notes to Financial Statements.

UNITED WAY OF STORY COUNTY, INC.

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Change in net assets	\$ 189,908	\$ 207,375
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	7,157	10,624
Amortization of the operating right-of-use assets	11,555	12,991
Realized (gain) on investments	(33,615)	(48,424)
Unrealized (gain) on investments	(137,202)	(102,954)
Provision for credit losses	35,622	44,476
Change in value of certificates of deposit and annuities	(17,080)	(6,478)
Effect of changes in:		
Contributions receivable	(63,782)	1,395
Prepaid expenses	728	613
Accrued interest receivable	4,301	(4,301)
Accounts payable	(196,261)	172,450
Custody accounts payable	(3,335)	7,150
Accrued expenses	8,680	(9,664)
Designations payable	5,058	(17,257)
Operating lease liability	(11,618)	(12,677)
Net cash provided by (used in) operating activities	(199,884)	255,319
Cash Flows from Investing Activities		
Purchase of improvements and equipment	(4,319)	-
Purchase of assets held by a Community Foundation	(91,316)	(101,191)
Proceeds from sale of assets held by a Community Foundation	49,525	48,089
Purchase of certificates of deposit and annuities	(212,744)	(200,000)
Proceeds from redemption of certificates of deposit and annuities	415,963	-
Net cash provided by (used in) investing activities	157,109	(253,102)
Net increase (decrease) in cash	(42,775)	2,217
Cash:		
Beginning	1,562,007	1,559,790
Ending	\$ 1,519,232	\$ 1,562,007

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, expected future events impacting the receivables and management's analysis of specific promises made.

Allowance for credit losses: In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through the change in net assets. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing the Organization's exposure to credit risk and the measurement of credit losses. Financial assets held by the company that are subject to the guidance in FASB ASC 326 are contributions receivable.

The Organization adopted the standard effective July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

The objective of the Organization is the federation of the health, youth, and welfare agencies of Story County. The Organization administers an annual campaign and fundraising events to allow a way for businesses and individuals to invest in the county by meeting the basic human service needs of people who live and work in Story County. At each statement of financial position date, the Organization recognizes an expected allowance for credit losses. In addition, also at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist.

The Organization writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the Organization's accounting policy election.

NOTES TO FINANCIAL STATEMENTS

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

Significant accounting policies (continued)

Allowance for credit losses (continued)

Changes in the allowance for credit losses for the years ended June 30, 2025 and 2024:

	2025	2024
Balance, beginning of year	\$ 55,000	\$ 55,000
Provision	35,622	44,476
Write-offs, net of recoveries	(35,622)	(44,476)
Balance, end of year	<u>\$ 55,000</u>	<u>\$ 55,000</u>

Investments: Investments consist of certificates of deposit and 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 (3.94% - 4.26%) 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, 2025 and 2024 follows:

	2025	2024
Golf event	\$ 4,158	\$ 4,371
Other	32,754	36,183
	<u>\$ 36,912</u>	<u>\$ 40,554</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 accepted accounting principles generally accepted in the United States of America have not been satisfied.

Advertising: The Organization expenses advertising costs as incurred. Total marketing and advertising expense was \$36,822 and \$48,233 for the years ended June 30, 2025 and 2024, 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 17, 2025, 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:

	2025	2024
Cash	\$ 1,519,232	\$ 1,562,007
Contributions receivable	391,248	363,088
Beneficial interest in assets held by a community foundation	788,448	679,696
	<u>\$ 2,698,928</u>	<u>\$ 2,604,791</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 \$510,642, \$289,678 and \$7,370, respectively at June 30, 2025 and \$485,000, \$288,000 and \$7,370, respectively at June 30, 2024.

Note 3. Investments

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

	June 30, 2025			June 30, 2024		
	Cost or Donated Value	Fair Value	Unrealized Appreciation	Cost or Donated Value	Fair Value	Unrealized Appreciation
Certificates of deposit and annuities	\$ 212,744	\$ 212,744	\$ -	\$ 398,883	\$ 398,883	\$ -
Beneficial interest in assets held by a Community Foundation	1,537,937	1,954,863	416,926	1,462,531	1,742,255	279,724
	<u>\$ 1,750,681</u>	<u>\$ 2,167,607</u>	<u>\$ 416,926</u>	<u>\$ 1,861,414</u>	<u>\$ 2,141,138</u>	<u>\$ 279,724</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, 2025 and 2024.

Certificates of deposit and 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,					
	2025			2024		
	Level 2	Level 3	Total	Level 2	Level 3	Total
Certificates of deposit and annuities	\$ 212,744	\$ -	\$ 212,744	\$ 398,883	\$ -	\$ 398,883
Beneficial interest in assets held by a Community Foundation	-	1,954,863	1,954,863	-	1,742,255	1,742,255
	<u>\$ 212,744</u>	<u>\$ 1,954,863</u>	<u>\$ 2,167,607</u>	<u>\$ 398,883</u>	<u>\$ 1,742,255</u>	<u>\$ 2,141,138</u>

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, 2025 and 2024:

	Beneficial Interest in Assets Held by a Community Foundation	
	2025	2024
Beginning balance	\$ 1,742,255	\$ 1,537,775
Contributions	55,262	71,517
Investment income	206,871	181,052
Distributions	(49,525)	(48,089)
Ending balance	<u>\$ 1,954,863</u>	<u>\$ 1,742,255</u>

NOTES TO FINANCIAL STATEMENTS

Note 4. Lease Agreement

The Organization adopted FASB ASC 842 due to the Organization entering into long-term lease agreements.

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

As of June 30, 2025 and 2024, the operating lease right-of-use (ROU) asset had a balance of \$264,834 and \$23,589, respectively, as shown in other assets on the statement of financial position; the lease liability is included in current liabilities, \$20,451 and \$11,619, respectively, and long-term liabilities, \$244,873 and \$12,523, respectively. The lease asset and liability were calculated utilizing the risk-free discount rate ranging from 3.94% to 4.26%, according to the Organization's elected policy.

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

	Years Ended	
	2025	2024
Lease Costs (included in operating expenses):		
Operating lease cost	\$ 12,248	\$ 14,126
Short-term lease cost	16,693	12,007
Total lease cost	\$ 28,941	\$ 26,133
Amortization	\$ 11,555	\$ 12,991
Interest expense	693	1,135
Other Information:		
Cash paid for amounts included in measuring operating lease liabilities:		
Operating cash flows from operating leases	\$ 11,618	\$ 12,677
Lease assets obtained in exchange for lease obligations:		
Operating leases	252,800	-
Weighted-average remaining lease term (years)	9.66	2.86
Weighted-average discount rate	4.24%	3.73%

Maturities of operating lease liabilities as of June 30, 2025:

Years Ending June 30:	
2026	\$ 30,408
2027	31,740
2028	31,977
2029	29,844
2030	31,428
Thereafter	171,852
Total lease payments	327,249
Less: interest	(61,925)
Present value of lease liabilities	<u>\$ 265,324</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 \$9,368 and \$19,881 for the years ended June 30, 2025 and 2024, 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, 2025 and 2024, the composition of with donor restricted net assets follows:

2025			
	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	\$ 920,715	\$ 26,050	\$ 946,765
Accumulated investment gains	194,812	24,838	219,650
	\$ 1,115,527	\$ 50,888	\$ 1,166,415

2024			
	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	\$ 892,516	\$ 26,050	\$ 918,566
Accumulated investment gains	124,478	19,515	143,993
	\$ 1,016,994	\$ 45,565	\$ 1,062,559

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, 2025 and 2024 are as follows:

	2025		
	United Way of Story County Endow Iowa Fund	Frankee Oleson Women United Endowment Fund	Total
Endowment net assets, beginning of year	\$ 1,016,994	\$ 45,565	\$ 1,062,559
Contributions	28,199	-	28,199
Investment return, net	119,859	5,323	125,182
Appropriation of endowment assets pursuant to spending-rate policy	(49,525)	-	(49,525)
Endowment net assets, end of year	<u>\$ 1,115,527</u>	<u>\$ 50,888</u>	<u>\$ 1,166,415</u>
	2024		
	United Way of Story County Endow Iowa Fund	Frankee Oleson Women United Endowment Fund	Total
Endowment net assets, beginning of year	\$ 909,927	\$ 39,903	\$ 949,830
Contributions	48,009	1,000	49,009
Investment return, net	107,147	4,662	111,809
Appropriation of endowment assets pursuant to spending-rate policy	(48,089)	-	(48,089)
Endowment net assets, end of year	<u>\$ 1,016,994</u>	<u>\$ 45,565</u>	<u>\$ 1,062,559</u>

NOTES TO FINANCIAL STATEMENTS

Note 9. Net Assets with Donor Restrictions

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

	2025	2024
Subject to expenditure for specific purpose:		
Women United	\$ 149,052	\$ 165,085
Food Drive	8,645	5,764
Endowments:		
Subject to endowment spending policy and appropriation:		
Community investment	1,166,415	1,062,559
Net assets with donor restrictions, end of year	<u>\$ 1,324,112</u>	<u>\$ 1,233,408</u>

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, 2025 and 2024:

	2025	2024
Satisfaction of purpose restrictions:		
Women United	\$ 80,514	\$ 66,182
Food Drive	11,614	9,743
Restricted purpose spending-rate distributions and appropriations:		
Community investment	49,525	48,089
Net assets released from donor restrictions	<u>\$ 141,653</u>	<u>\$ 124,014</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. The expenses are allocated on the basis of estimates of time and effort.