

***United Way of the Midlands  
Omaha, Nebraska***

*June 30, 2023  
With Comparative Totals for  
2022*

*Financial Statements  
and  
Independent Auditor's Report*



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United Way of the Midlands  
Years ended June 30, 2023 and 2022

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## INDEPENDENT AUDITOR'S REPORT

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The Board of Directors  
United Way of the Midlands  
Omaha, Nebraska

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of United Way of the Midlands, which comprise the statement of financial position as of June 30, 2023, and 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 accompanying financial statements present fairly, in all material respects, the financial position of United Way of the Midlands, as of June 30, 2023, 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) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 the Midlands, 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.

#### ***Change in Accounting Principle***

As discussed in Note Q to the financial statements, in 2023, the entity adopted new accounting guidance ASU 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to this matter.

### ***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 the Midlands'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 and Government Accounting 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 GAAS and Government Accounting 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 the Midlands'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 the Midlands'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***

The predecessor auditor previously audited United Way of the Midlands's June 30, 2022 financial statements, and they expressed an unmodified audit opinion on those audited financial statements in their report dated October 3, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.



### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with Government Auditing Standards, we have also issued our report dated October 6, 2023 on our consideration of United Way of the Midlands'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 of the Midlands'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 of the Midlands's internal control over financial reporting and compliance.

Handwritten signature in black ink that reads "HBE LLP".

Lincoln, Nebraska  
October 6, 2023

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United Way of the Midlands

STATEMENT OF FINANCIAL POSITION

June 30, 2023  
(With comparative totals as of June 30, 2022)

ASSETS

	2023	2022
ASSETS		
Cash and cash equivalents (note A)	\$ 1,888,108	\$ 2,852,742
Contributions receivable, 2023 campaign (less uncollectible allowance of \$0)	303,419	-
Contributions receivable, 2022 campaign (less uncollectible allowance of \$442,085 and \$0)	4,740,176	10,790
Contributions receivable, 2021 campaign (less uncollectible allowance of \$0 and \$443,707)	102,501	4,195,104
Contributions receivable, 2020 campaign (less uncollectible allowance of \$0)	117,385	273,267
Grants receivable (note A)	133,556	532,449
Other assets and prepaid expenses	445,844	1,050,131
Investments (notes A, B and C)	12,012,171	10,302,837
Beneficial interest in net assets held by the Omaha Community Foundation (notes B and C)	1,887,014	1,822,362
Leasehold improvements and equipment, net (notes A and E)	1,441,415	1,610,262
Operating lease right-of-use assets (notes A and F)	3,209,168	-
Total assets	<u>26,280,757</u>	<u>22,649,944</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable and accrued expenses	312,530	415,296
Accrued payroll and related liabilities	719,096	642,758
Refundable advances	2,677,817	731,910
Deferred revenue	74,692	47,820
Accrued rent and tenant improvement allowance	-	615,361
Operating lease obligations (notes A and F)	3,793,182	-
Goodfellows undistributed allocations and designations payable	75,000	96,000
Undistributed allocations and designations payable for the prior period campaign	77,389	288,202
Undistributed allocations and designations payable for the current period campaign	<u>10,251,971</u>	<u>9,962,283</u>
Total liabilities	<u>17,981,677</u>	<u>12,799,630</u>
NET ASSETS (note A)		
Without donor restrictions		
Board designated reserves (note H)	6,608,101	5,867,898
Board designated reserves for Goodfellows (note H)	254,504	254,504
Board designated for Goodfellows (note H)	391,372	763,513
Quasi endowment (note H)	3,803,883	3,244,415
Operating	<u>(6,742,562)</u>	<u>(4,474,798)</u>
Total net assets without donor restrictions	<u>4,315,298</u>	<u>5,655,532</u>
With donor restrictions (notes A and H)		
Perpetual in nature	3,427,544	3,425,544
Purpose restrictions	506,238	490,102
Time-restricted for future periods	<u>50,000</u>	<u>279,136</u>
Total net assets with donor restrictions	<u>3,983,782</u>	<u>4,194,782</u>
Total net assets	<u>8,299,080</u>	<u>9,850,314</u>
Total liabilities and net assets	<u>\$ 26,280,757</u>	<u>\$ 22,649,944</u>

See accompanying notes to financial statements.

United Way of the Midlands

STATEMENT OF ACTIVITIES

Year ended June 30, 2023

(With comparative totals for the year ended June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 2023	2022
REVENUE AND OTHER SUPPORT				
Contributions				
Campaign contributions for the Fall Campaign				
Contributions received for the current period	\$ 16,243,318	\$ 637,267	\$ 16,880,585	\$ 16,739,947
Contributions received for the prior period (net assets released from restriction)	1,057,935	(1,057,935)	-	-
Contributions received for the future period	-	-	-	255,500
Gross campaign results	17,301,253	(420,668)	16,880,585	16,995,447
Less donor designations	(1,830,096)	-	(1,830,096)	(1,714,238)
Less allowance for uncollectible pledges	(314,610)	-	(314,610)	(337,191)
Total campaign contributions for the current allocation period	15,156,547	(420,668)	14,735,879	14,944,018
Other contributions				
Contributions restricted for offsetting campaign expenses	19,750	-	19,750	38,500
Contributions for special events and miscellaneous	742,552	-	742,552	503,880
Contributions of quasi-endowed gifts	250,000	-	250,000	707,501
Contributed goods and services (notes A and J)	567,957	-	567,957	1,107,426
Total other contributions	1,580,259	-	1,580,259	2,357,307
Total contributions	16,736,806	(420,668)	16,316,138	17,301,325
Government grants	5,186,470	-	5,186,470	1,930,369
Private grants	14,926,720	50,000	14,976,720	15,365,517
Investment return, net (note B)	580,102	159,668	739,770	(1,702,909)
Donor designation fees	130,661	-	130,661	104,756
Contract fees	823,975	-	823,975	1,397,462
Other income	1,686	-	1,686	226
Total revenues and other support	38,386,420	(211,000)	38,175,420	34,396,746
ALLOCATIONS AND OTHER FUNCTIONAL EXPENSES				
Allocations and designations to agencies	29,298,096	-	29,298,096	27,763,057
Less donor designations	(1,830,096)	-	(1,830,096)	(1,714,238)
Total allocations	27,468,000	-	27,468,000	26,048,819
Direct community services provided by United Way	9,164,816	-	9,164,816	7,978,061
Total allocations and direct community services	36,632,816	-	36,632,816	34,026,880
Other functional expenses				
Fundraising	2,982,191	-	2,982,191	3,059,218
Management and general	111,647	-	111,647	93,485
Total other functional expenses	3,093,838	-	3,093,838	3,152,703
Total allocations, designations, direct community services and other functional expenses	39,726,654	-	39,726,654	37,179,583
INCREASE (DECREASE) IN NET ASSETS	(1,340,234)	(211,000)	(1,551,234)	(2,782,837)
Net assets, beginning of year	5,655,532	4,194,782	9,850,314	12,633,151
Net assets, end of year	\$ 4,315,298	\$ 3,983,782	\$ 8,299,080	\$ 9,850,314

See accompanying notes to financial statements.

United Way of the Midlands

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2023  
(With comparative totals for the year ended June 30, 2022)

	Program Services			Supporting Services			Total	
	Community Impact	Other Program Services	Total Program Services	Fundraising	Management and General	Totals Support Services	2023	2022
Allocations and designation to agencies								
Total allocations and designations to agencies	\$ 29,298,096	\$ -	\$ 29,298,096	\$ -	\$ -	\$ -	\$ 29,298,096	\$ 27,763,057
Less donor designations	(1,830,096)	-	(1,830,096)	-	-	-	(1,830,096)	(1,714,238)
Net allocations to agencies	27,468,000	-	27,468,000	-	-	-	27,468,000	26,048,819
Personnel costs								
Salaries	\$ 1,213,613	\$ 4,236,481	\$ 5,450,094	\$ 1,458,830	\$ 53,275	\$ 1,512,105	\$ 6,962,199	\$ 5,803,848
Employee benefits	143,246	653,023	796,269	185,543	6,856	192,399	988,668	885,815
Payroll taxes	126,356	328,028	454,384	112,765	4,416	117,181	571,565	446,836
Total personnel costs	1,483,215	5,217,532	6,700,747	1,757,138	64,547	1,821,685	8,522,432	7,136,499
Professional fees	124,775	472,557	597,332	199,000	10,127	209,127	806,459	791,588
Supplies	26,589	220,522	247,111	50,512	2,524	53,036	300,147	149,844
Telephone	6,197	66,665	72,862	11,430	643	12,073	84,935	97,364
Postage and shipping	6,260	6,073	12,333	18,781	383	19,164	31,497	28,305
Occupancy	62,376	145,546	207,922	105,561	6,398	111,959	319,881	321,471
Equipment leasing and maintenance	24,638	126,422	151,060	40,837	2,475	43,312	194,372	140,140
Printing, publications, and promotion	114,769	321,748	436,517	269,596	9,009	278,605	715,122	623,304
Travel and transportation	6,707	120,572	127,279	8,674	328	9,002	136,281	68,555
Events, conferences, and meetings	60,781	160,168	220,949	310,515	5,559	316,074	537,023	1,184,379
Organizational dues	10,847	22,160	33,007	18,766	931	19,697	52,704	47,096
Awards and gifts	9,208	19,930	29,138	16,183	883	17,066	46,204	21,930
Insurance	4,636	13,682	18,318	7,800	472	8,272	26,590	25,967
United Way Worldwide membership fee	36,914	86,133	123,047	62,470	3,787	66,257	189,304	223,437
Miscellaneous	269	972	1,241	864	32	896	2,137	184
Depreciation	34,755	151,198	185,953	104,064	3,549	107,613	293,566	270,701
Total non-personnel expenses	529,721	1,934,348	2,464,069	1,225,053	47,100	1,272,153	3,736,222	3,994,265
TOTAL FUNCTIONAL EXPENSES	\$ 29,480,936	\$ 7,151,880	\$ 36,632,816	\$ 2,982,191	\$ 111,647	\$ 3,093,838	\$ 39,726,654	\$ 37,179,583

See accompanying notes to financial statements.

United Way of the Midlands

STATEMENTS OF CASH FLOWS

Years ended June 30, 2023  
(With comparative totals for the year ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Decrease in net assets	<u>\$(1,551,234)</u>	<u>\$(2,782,837)</u>
Adjustments to reconcile decrease in net assets to net cash provided (used) by operating activities		
Depreciation	293,566	270,701
Reduction in the carrying amount of right-of-use assets	209,707	-
Reinvested investment income	(363,772)	62,003
Realized and unrealized (gain) loss on investments	(443,986)	1,605,434
(Increase) decrease in assets		
Contributions receivable	(784,320)	137,363
Grants receivable	398,893	(185,649)
Other assets and prepaid expenses	604,287	(414,306)
Beneficial interests	(64,652)	207,777
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(102,766)	142,057
Accrued payroll and related liabilities	76,338	159,315
Refundable advances	1,945,907	375,915
Deferred revenue	26,872	31,029
Accrued rent and tenant improvement allowance	-	(24,262)
Operating lease obligations	(241,054)	-
Undistributed allocations and designations	<u>57,875</u>	<u>(578,395)</u>
Net cash provided (used) by operating activities	<u>61,661</u>	<u>(993,855)</u>
Cash flows from investing activities		
Purchase of property and equipment	(124,719)	(206,151)
Purchase of investments	(7,396,409)	(3,463,467)
Proceeds from sale of investments	<u>6,494,833</u>	<u>3,127,803</u>
Net cash used by investing activities	<u>(1,026,295)</u>	<u>(541,815)</u>
Net decrease in cash	(964,634)	(1,535,670)
Cash and cash equivalents, beginning of year	<u>2,852,742</u>	<u>4,388,412</u>
Cash and cash equivalents, end of year	<u>\$ 1,888,108</u>	<u>\$ 2,852,742</u>
Supplemental cash flows information:		
Capital asset acquisitions included in accounts payable	<u>\$ -</u>	<u>\$ 2,461</u>
Right-of-use assets obtained in exchange for operating lease obligations upon ASC 842 implementation	<u>\$ 3,975,649</u>	<u>\$ -</u>
Right-of-use assets obtained in exchange for operating lease obligations post ASC 842 implementation	<u>\$ 58,587</u>	<u>\$ -</u>

See accompanying notes to financial statements.

## United Way of the Midlands

### NOTES TO FINANCIAL STATEMENTS

The United Way of the Midlands (the Organization) is a not-for-profit corporation which incorporated in 1923 and is governed by a volunteer Board of Directors. The mission of United Way of the Midlands is We *UNITE* our community's *CARING SPIRIT* to build a *STRONGER* tomorrow. The guiding principles of United Way of the Midlands are to build trust in everything we do, extend grace by thinking by yourself, show grit by bringing it every day, be open to embracing others' differences, actively engage by listening and sharing, and live curiously to learn constantly. United Way of the Midlands is a powerful partnership of people and organizations that care about our community's future. United Way of the Midlands recruits those who have the passion, expertise and resources we need to get things done. Together, we create life-changing opportunities in education, financial stability and health, the building blocks of a good life, so our neighbors can grow stronger and remain independent.

#### NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

**Method of Accounting.** The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting.

**Comparative Financial Information.** The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2022, from which summarized information was derived.

**Cash and Cash Equivalents.** For purposes of the statements of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

**Contributions Receivable.** Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Unconditional promises to give that are expected to be collected or paid in more than one year are recognized at the present value of estimated future cash flows. Management provides for probable uncollectible unconditional promises receivable through a charge to net assets and a credit to a valuation allowance based on a 5-year historical average, adjusted by management's estimate of current economic factors, and applied to gross campaign contributions, including donor designations. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to unconditional promises receivable. Changes in the valuation allowance have not been material to the financial statements.

**Grants Receivable.** Grants receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history of grantors having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

**Investments.** Investments in marketable securities, including equity and debt securities, with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the statements of activities. Donated securities are recorded as contributions equal to the fair market value of the securities at the date of gift.

## NOTES TO FINANCIAL STATEMENTS

**NOTE A - SUMMARY OF ACCOUNTING POLICIES - CONTINUED**

**Fair Value Measurements.** Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date. The Organization utilizes a framework to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1            Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2            Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3            Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability'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. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**Property and Equipment and Depreciation.** Property and equipment are carried at cost, if purchased and at fair market value at the date of contribution, if received by donation, less accumulated depreciation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives computed primarily on the straight-line method. Property and equipment are depreciated over estimated useful lives as follows:

Buildings and improvements	14 - 20 years
Furniture, equipment and software	3 - 10 years
Vehicles	10 years

It is the Organization's policy to capitalize property and equipment over \$5,000. Lesser amounts are expensed.

**Leases.** At inception, the Organization determines if a contract is or includes a lease arrangement. The Organization's lease commitments include office space and equipment. The following describes the Organization's accounting policies related to its leasing arrangements:

As lessee

Leased assets represent the right to control the use of an identified asset for the lease term and lease obligations represent the obligation to make lease payments arising from the lease. The Organization recognizes a right-of-use asset and related obligation at the commencement date, generally based on the present value of lease payments over the lease term using the Organization's risk free rate. Leases with an initial term of 12 months or less, including month to month leases, are not recorded on the balance sheet and are expensed on a straight-line basis.



NOTES TO FINANCIAL STATEMENTS

**NOTE A - SUMMARY OF ACCOUNTING POLICIES - CONTINUED**

**Leases - Continued**

*Operating Leases*

Operating lease assets and liabilities are recognized separately on the Organization's statement of financial position. The Organization recognizes a single lease expense on a straight-line basis over the lease term. Nonlease components are expensed as incurred.

**Accrued Vacation.** The Organization's vacation policy allows full-time employees 160 hours of vacation time. Vacation time is also available on a pro-rata basis for part-time employees. Up to 240 hours of accrued vacation time may be carried into a new fiscal year but no more than 240 hours may be accumulated and unused at any time. All accumulated vacation time is paid out upon termination. Accrued vacation for the years ended June 30, 2023 and 2022, was \$433,887 and \$358,410, respectfully.

**Net Asset Classification.** 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:

**Without donor restrictions.** Net assets available for use in general operations and not subject to donor or grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

**With donor restrictions.** Net assets subject to donor- or 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both, and are reported in the statements of activities as net assets released from restrictions.

Contributions restricted by donors received in the same period when the associated stipulated time or purpose restriction is accomplished are reported as increases in net assets without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions.

The State of Nebraska adopted UPMIFA effective September 1, 2007. The Organization adopted the Financial Accounting Standards Board's guidance and required disclosures for the year ended June 30, 2010. The Board of Directors has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions to be held in perpetuity, the original value of the gifts donated and subsequent gifts to the permanent endowment. The accumulations to the donor-restricted endowment that are not classified as net assets with donor restrictions to be held in perpetuity are classified as purpose restricted net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. Purpose restricted net assets also include general limitation endowment funds with an unfulfilled restriction on the purpose for which the monies from the fund may be applied and the specific limitation endowment funds for which the donor allows some principal invasions in the gift instrument.

NOTES TO FINANCIAL STATEMENTS

**NOTE A - SUMMARY OF ACCOUNTING POLICIES - CONTINUED**

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

**Endowment Investment and Payout Policies.** The Organization has adopted investment and payout policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while seeking to maintain the purchasing power of the endowment assets. The Organization's investment and payout policies, which have been approved by the Organization's Board of Directors, work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current investment objective is to achieve an average rate of return of approximately 8% annually.

To satisfy its objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation between equity and debt securities to achieve its return objectives within prudent risk parameters.

The Organization has a policy for the assets held by the Omaha Community Foundation of appropriating for distribution each year 4.5% of its endowment fund's market value as of December 31 of the year preceding the calendar year in which the distribution is planned. This amount is restricted to be utilized as a perpetual gift to the annual United Way of the Midlands campaign drive.

The Organization has a trust which must be maintained in perpetuity. The Organization has a policy for the assets held by the bank under the trust of appropriating for distribution each year 4.5% of its market value as of June 30 of the year preceding the fiscal year in which the distribution is planned. This amount is restricted to serve those with developmental and intellectual disabilities.

**Revenue Recognition.** The following is a description of the Organization's principal sources of revenue:

*Contributions:* Contributions are recognized when a donor makes a promise to give that is, in substance, unconditional. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. At June 30, 2023 and 2022, the Organization has conditional grants totaling \$250,000 and \$500,000, respectively, for which no amounts had been received in advanced and they have not yet been recognized in the accompanying financial statements.

United Way of the Midlands  
NOTES TO FINANCIAL STATEMENTS

**NOTE A - SUMMARY OF ACCOUNTING POLICIES - CONTINUED**

**Revenue Recognition. – Continued**

*Grant Revenue:* Grants are recorded as revenue when the related approved expenditures are made. Unearned grant revenue represents advances of grant funds received prior to the incurrence of related costs by the Organization. At June 30, 2023, the Organization has conditional grants totaling \$2,685,144 for which no amounts had been received in advance and they have not yet been recognized in the accompanying financial statements. The Organization did not have any conditional grants in 2022.

*Contract Fees:* Contracts are evaluated for performance obligations to determine the nature of the goods or services provided by the Organization. Revenue for performance obligations satisfied over time are recognized over the period based on time elapsed or on a cost-to-cost method based on the language in the agreement. For the year ended, June 30, 2023 and 2022, the Organization recognized contract fee revenue of \$823,975 and \$1,397,462 from services that transfer to the other entities over time.

**Functional Expenses.** The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services based on the estimated time spent.

**Advertising.** Advertising costs of the Organization are expensed as incurred. Advertising expense was \$572,570 and \$516,380 for the years ended June 30, 2023 and 2022, respectively.

**In-Kind Donations.** In-kind donations are recorded as contributions at their estimated fair values at the date of donation. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would have otherwise been purchased by the Organization.

It is the Organization's policy to sell all contributed assets immediately upon receipt at auction or for salvage unless the asset is restricted for use in a specific program by the donor.

**Income Taxes.** The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, income earned in the performance of its exempt purpose is not subject to income tax. Any income earned through unrelated business activities is subject to income tax at normal corporate rates. For the years ended June 30, 2023 and 2022, the Organization had no tax liability on unrelated business activity. The Organization believes that they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the financial statements.

The Organization's Federal Returns of Organizations Exempt from Income Tax (Form 990) for June 30, 2023, 2022, and 2021 are subject to examination by the IRS, generally for three years after they were filed.

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

United Way of the Midlands

NOTES TO FINANCIAL STATEMENTS

**NOTE B - INVESTMENTS**

Investments consist of the following:

	2023		2022	
	Cost	Market	Cost	Market
Cash equivalents	\$ 1,161,823	\$ 1,164,944	\$ 524,336	\$ 524,336
Fixed income	7,113,537	6,762,068	6,485,926	6,097,228
Equity funds	2,917,475	3,750,660	3,116,313	3,493,096
Complementary strategies	173,512	201,458	41,468	50,094
Real estate funds	155,400	133,041	95,553	111,653
Commodities	-	-	27,210	26,430
	<u>\$ 11,521,747</u>	<u>\$ 12,012,171</u>	<u>\$ 10,290,806</u>	<u>\$ 10,302,837</u>
Unrealized gain (loss)		<u>\$ 490,424</u>		<u>\$ 12,031</u>
Beneficial interest in net assets held by Omaha Community Foundation	<u>\$ 1,997,540</u>	<u>\$ 1,887,014</u>	<u>\$ 1,997,540</u>	<u>\$ 1,822,362</u>
Unrealized gain (loss)		<u>\$ (110,526)</u>		<u>\$ (175,178)</u>

Investment performance, net consists of the following:

	2023	2022
Dividends and interest	\$ 363,772	\$ 62,003
Realized gains (losses)	(116,000)	138,237
Unrealized gains (losses)	559,986	(1,835,430)
Investment expenses	<u>(67,988)</u>	<u>(67,719)</u>
	<u>\$ 739,770</u>	<u>\$ (1,702,909)</u>

On December 17, 1998, the Organization entered into an agreement establishing a fund at the Omaha Community Foundation. Although ownership and management responsibility of this fund remains with the Omaha Community Foundation, the income will continue to provide perpetual gifts to the United Way of the Midlands' campaign through distributions to the United Way of the Midlands from the Omaha Community Foundation. These assets are recognized on the financial statements as "Beneficial interest in net assets held by the Omaha Community Foundation." As of June 30, 2022, the fair value of these assets is reflected in the statement of financial position.

**NOTE C - FAIR VALUE MEASUREMENTS**

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in methodologies used during the years ended June 30, 2023 and 2022.

*Investments:* Cash equivalents, fixed income, equity funds, complementary strategies and real estate funds are valued at the observable net asset value (NAV) of shares held by the Organization at year end.

*Beneficial interest in net assets held by Omaha Community Foundation:* Valued based on the fair value of the Organization's ownership interest in underlying pools at the Foundation.

United Way of the Midlands

NOTES TO FINANCIAL STATEMENTS

**NOTE C - FAIR VALUE MEASUREMENTS - CONTINUED**

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth the balances of assets and liabilities measured at fair value on a recurring basis as of June 30, 2023 and 2022.

June 30, 2023	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and equivalents	\$ 1,164,944	\$ 1,164,944	\$ -	\$ -
Fixed income	6,762,068	6,762,068	-	-
Equity funds	3,750,660	3,750,660	-	-
Complementary strategies	201,458	201,458	-	-
Real estate funds	133,041	133,041	-	-
Beneficial interest in net assets held by Omaha Community Foundation	1,887,014	-	-	1,887,014
	<u>\$ 13,899,185</u>	<u>\$ 12,012,171</u>	<u>\$ -</u>	<u>\$ 1,887,014</u>

  

June 30, 2022	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and equivalents	\$ 524,336	\$ 524,336	\$ -	\$ -
Fixed income	6,097,228	6,097,228	-	-
Equity funds	3,493,096	3,493,096	-	-
Complementary strategies	50,094	50,094	-	-
Real estate funds	111,653	111,653	-	-
Commodities	26,430	26,430	-	-
Beneficial interest in net assets held by Omaha Community Foundation	1,822,362	-	-	1,822,362
	<u>\$ 12,125,199</u>	<u>\$ 10,302,837</u>	<u>\$ -</u>	<u>\$ 1,822,362</u>

The following table sets forth a summary of changes in the fair value of the Organization's level 3 assets for the year ended June 30, 2023 and 2022.

	2023	2022
Beginning balances	\$ 1,822,362	\$ 2,318,441
Realized and unrealized gains (losses)	116,397	(318,057)
Purchases	30,553	29,756
Distributions	(82,298)	(207,778)
Ending balance	<u>\$ 1,887,014</u>	<u>\$ 1,822,362</u>

United Way of the Midlands  
NOTES TO FINANCIAL STATEMENTS

**NOTE D - ENDOWMENT**

Endowment net asset composition by type of fund as of June 30, 2023 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 3,688,294	\$ 3,688,294
Quasi-endowment	\$ 3,803,883	\$ -	\$ 3,803,883

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance June 30, 2022	\$ 3,244,415	\$ 3,779,046	\$ 7,023,461
Contributions	167,702	-	167,702
Investment performance, net	391,766	159,668	551,434
Amounts appropriated for expenditure	-	(250,420)	(250,420)
Balance June 30, 2023	\$ 3,803,883	\$ 3,688,294	\$ 7,492,177

Endowment net asset composition by type of fund as of June 30, 2022 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 3,779,046	\$ 3,779,046
Quasi-endowment	\$ 3,244,415	\$ -	\$ 3,244,415

Changes in endowment net asset for the year ended June 30, 2022 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Balance June 30, 2021	\$ 3,159,833	\$ 4,350,467	\$ 7,510,300
Contributions	1,460,532	-	1,460,532
Investment performance, net	(692,992)	(321,001)	(1,013,993)
Amounts appropriated for expenditure	(682,958)	(250,420)	(933,378)
Balance June 30, 2022	\$ 3,244,415	\$ 3,779,046	\$ 7,023,461

United Way of the Midlands  
NOTES TO FINANCIAL STATEMENTS

**NOTE E – LEASEHOLD IMPROVEMENTS AND EQUIPMENT**

Leasehold improvements and equipment consists of:

	<u>2023</u>	<u>2022</u>
Buildings and improvements	\$ 1,514,566	\$ 1,514,566
Furniture and equipment	509,579	509,579
Vehicles	50,914	-
Computer equipment and software	<u>1,217,986</u>	<u>1,144,181</u>
	3,293,045	3,168,326
Accumulated depreciation	<u>(1,851,630)</u>	<u>(1,558,064)</u>
	<u>\$ 1,441,415</u>	<u>\$ 1,610,262</u>

**NOTE F – LEASES**

On May 26, 2015, the Organization entered into a lease for its administrative office for ten years and three months; commencing on September 1, 2015, and ending on November 30, 2025. The lease contains two options to renew for 60 months each ending on November 30, 2035. The lease renewals are expected to be exercised.

On August 26, 2021, the Organization entered into a 60-month lease for office equipment. Under the terms of the lease, monthly rent payments are \$390.

On August 22, 2022, the Organization entered into a 60-month lease for office equipment. Under the terms of the lease, monthly rent payments are \$1,014.

Operating lease right-of-use assets and lease obligations as of June 30, 2023 were as follows:

Right-of-use assets	<u>\$ 3,209,168</u>
Lease obligations	
Current	\$ 257,200
Noncurrent	<u>3,535,982</u>
	<u>\$ 3,793,182</u>

Operating lease expenses for the year ended June 30, 2023 was \$328,014.

Average operating lease terms and discount rate at June 30, 2023 were as follows:

Weighted average remaining lease term (years):	12.28
Weighted average discount rate:	3.04%

United Way of the Midlands  
NOTES TO FINANCIAL STATEMENTS

**NOTE F – LEASES – CONTINUED**

The following summarizes cash paid for operating lease obligations and other non-cash information:

Cash paid for amounts included in measurement of operating lease obligations - operating cash flows	<u>\$ 359,361</u>
Right-of-use assets obtained in exchange for operating lease obligations	<u>\$ 58,587</u>

The aggregate future lease payments below summarize the remaining future undiscounted cash flows for operating leases as of June 30, 2023, and a reconciliation to operating lease obligations reported on the statement of financial position:

<u>Year ending June 30,</u>	
2024	\$ 368,211
2025	375,196
2026	378,107
2027	374,206
2028	366,331
Thereafter	<u>2,679,372</u>
Total minimum lease payments	4,541,423
Less: present value discount	<u>(748,241)</u>
Operating lease obligations	<u>\$ 3,793,182</u>

For the year ended June 30, 2022, the financial statements include rent expense of \$336,894 under FASB ASC 840 (pre-adoption of the new standard) for operating leases. The future minimum lease payments were as follows:

<u>Year ending June 30,</u>	
2023	\$ 344,545
2024	351,368
2025	358,353
2026	<u>150,527</u>
	<u>\$ 1,204,793</u>



United Way of the Midlands

NOTES TO FINANCIAL STATEMENTS

**NOTE G - LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Financial assets at year end:		
Cash and cash equivalents	\$ 1,888,108	\$ 2,852,742
Contributions receivables	5,263,481	4,479,161
Grants receivable	133,556	532,449
Investments	12,012,171	10,302,837
Beneficial interest in net assets held by the Omaha Community Foundation	<u>1,887,014</u>	<u>1,822,362</u>
Total financial assets	21,184,330	19,989,551
Donor imposed restrictions		
Pertetual in nature	(3,427,544)	(3,425,544)
Purpose restricted	(506,238)	(490,102)
Time-restricted for future periods	<u>(50,000)</u>	<u>(279,136)</u>
Net financial assets after donor imposed restrictions	17,200,548	15,794,769
Internal designations		
Board designated reserves	(6,608,101)	(5,867,898)
Board designated reserves for Goodfellows	(254,504)	(254,504)
Board designated for Goodfellows	(391,372)	(763,513)
Quasi endowment	<u>(3,803,883)</u>	<u>(3,244,415)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 6,142,688</u>	<u>\$ 5,664,439</u>

The Organization receives contributions designated by donors and considers contributions designated for programs which are ongoing, major and central to its operations to be available to meet cash needs for general expenditures. For the year ended June 30, 2023, designated contributions of \$1,406,188 were included in the financial assets available to meet cash needs for general expenditures within one year.

The Organization's endowment funds consist of donor-restricted endowments and funds designated by the Board as 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.

The quasi-endowment of \$3,803,883 is subject to an annual spending rate of 4.5% as described in Note A. Although the Organization does not intend to spend from this quasi endowment, unless approved by the Board for specific program purposes, these amounts could be available if necessary.

The board designated reserves of \$6,862,605 is made up of three months of operating expenses and payout to community partner agencies, proceeds from the sale of a prior building and funds designated by the Board to supplement programs not funded by the annual campaign. These amounts are available for spending, subject to Board approval. These board designated reserves along with \$6,142,688 of funds available for general expenditures in the next fiscal year from above combine to \$13,005,293 of funds available to meet expenditures in the next year.

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

United Way of the Midlands  
NOTES TO FINANCIAL STATEMENTS

**NOTE H - NET ASSETS**

Net Assets Without Donor Restrictions

*Board Designated Reserve*

United Way of the Midlands holds investments which have been designated by the Board of Directors as a reserve restricted for expenditures which are not funded by annual campaign contributions. Examples of such expenditures include capital purchases, funding for unbudgeted emergency services, and other miscellaneous unforeseen and/or non-routine expenditures. All expenditures charged to the Board Designated Reserve must be approved by the Board of Directors.

*Quasi-Endowment*

Quasi-endowment net assets consist of funds designated by the Board of Directors to function as an endowment.

Net Assets With Donor Restrictions

*Purpose and Time Restricted Net Assets*

Purpose and time restricted net assets are assets primarily from the Fall United Way of the Midlands Campaign, which donors restricted for the following year. Purpose and time restricted net assets consist of the following:

Purpose and time restricted net assets consist of the following:

	<u>2023</u>	<u>2022</u>
Endowment earnings restricted for specific purposes	\$ 12,330	\$ 103,082
Funding to offset future direct program expenses	293,488	150,236
Contributions for grant disbursements	<u>250,420</u>	<u>515,920</u>
	<u>\$ 556,238</u>	<u>\$ 769,238</u>

*Perpetual in Nature*

Perpetual in nature net assets consist of investments endowed for which donor restriction stipulates that the original gift be maintained in perpetuity. Income derived from the donated assets are restricted to be used as an annual pledge to the campaign.

United Way of the Midlands

NOTES TO FINANCIAL STATEMENTS

**NOTE H - NET ASSETS – CONTINUED**

Net Assets Released from Restriction

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Expiration of time restrictions	\$ 534,636	\$ 317,773
Satisfaction of purpose restrictions		
Developmental and intellectual disabilities	250,420	250,420
Food Security	-	1,000
Homelessness	-	149,243
Basic needs	27,376	-
JAG program expansion	25,967	-
Mental Health initiative	219,536	-
	<u>\$ 1,057,935</u>	<u>\$ 718,436</u>

**NOTE I - RETIREMENT PLAN**

The Organization sponsors a 401(k) defined contribution retirement plan for all regular, full-time employees who completed one year of eligible service. The Organization will match all employee contributions up to 3% and may make discretionary contributions as well. Total expense incurred was \$403,700 and \$328,058 for the years ended June 30, 2023 and 2022, respectively.

**NOTE J – IN-KIND CONTRIBUTIONS**

Several companies sponsored Community Ambassadors who provided approximately 2,429 and 1,920 hours of service to the Organization during the years ended June 30, 2023 and 2022, respectively. During the year ended June 30, 2023, all of the hours were sponsored totaling \$46,923, made up of \$19,750 of contributions restricted to offsetting campaign expenses and \$27,173 of in-kind contributions restricted to offsetting campaign expenses. During the year ended June 30, 2022, all of the hours were sponsored totaling \$38,500 in contributions restricted to offsetting campaign expenses.

For the years ended June 30, 2023, contributed nonfinancial assets recognized as revenue within the statements of activities consist of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Advertising	\$ 219,459	\$ 264,511	\$ 483,970
Personnel	-	27,173	27,173
Supplies	1,651	18,936	20,587
Professional services	32,007	4,220	36,227
	<u>\$ 253,117</u>	<u>\$ 314,840</u>	<u>\$ 567,957</u>

United Way of the Midlands

NOTES TO FINANCIAL STATEMENTS

**NOTE J – IN-KIND CONTRIBUTIONS – CONTINUED**

For the years ended June 30, 2022, contributed nonfinancial assets recognized as revenue within the statements of activities consist of the following:

	Without Donor Restrictions	With Donor Restrictions	Total
Advertising	\$ 333,007	\$ 223,000	\$ 556,007
Awards/incentives	-	456,558	456,558
Meals	-	44,536	44,536
Supplies	18,232	-	18,232
Professional services	17,073	15,020	32,093
	<u>\$ 368,312</u>	<u>\$ 739,114</u>	<u>\$ 1,107,426</u>

The nonfinancial assets listed above were recognized as revenues within contributed goods and services. As of June 30, 2023 and 2022, all restrictions noted above were met, thus, amounts were reflected in the statement of activities as net assets without donor restrictions.

Contributed items were utilized in the following programs:

*Advertising:* Items were used for the Organization’s operations, 211 and JAG NE programming, and special events related to fundraising incentives.

*Awards/Incentives:* Items were used for special events related to fundraising initiatives and donor recognition.

*Meals:* Items were used for special events related to fundraising initiatives and donor recognition.

*Personnel:* Items were used for Community Ambassadors for the UWM Campaign.

*Supplies:* Items were used for volunteerism events and special events related to fundraising initiatives.

*Professional Services:* Items were used for the Organization’s operations, 211 and JAG NE programming, and special events related to fundraising incentives.

**NOTE K – PARTICIPATION PARTNER AGREEMENTS**

The Organization has a contractual agreement with the Community Health Charities of Nebraska (CHC) whereby these two agencies would conduct a joint fund-raising campaign in the counties of Douglas, Sarpy, and Pottawattamie. Under the contract, CHC receives 4.75% of the “adjusted net campaign contributions” as defined by the terms of the agreement.

The Organization has agreed to be a national distributor for certain companies. Payroll deductions are forwarded to the Organization where these funds are distributed on a quarterly basis to all United Way organizations. No administrative fee is charged, however, the short-term income earned on the funds while they reside in the Organization’s accounts is used to offset the cost of providing this service. As of June 30, 2023 and 2022, \$374,140 and \$241,688 was included in cash and cash equivalents and in undistributed funds payable for the current period campaign.

United Way of the Midlands  
NOTES TO FINANCIAL STATEMENTS

**NOTE L – UNITED WAY WORLDWIDE COST DEDUCTION STANDARDS**

The Organization has committed to comply with the United Way Worldwide cost deduction standards, which govern how expenses are recovered from contributions designated to specific agencies or other United Way organizations. The Organization has also committed to all of the other United Way Worldwide membership requirements and provides a written compliance certification to the Board of Directors and the United Way Worldwide on an annual basis.

**NOTE M - CONCENTRATIONS OF CREDIT RISK**

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally checking and money market accounts at a financial institution. Accounts at each institution are insured by the FDIC up to \$250,000. At June 30, 2023 and 2022, the bank accounts exceeded federally insured limits by \$2,993,785 and \$4,686,638, respectively. The Organization has not experienced any losses on such accounts.

**NOTE N – LINE OF CREDIT**

The Organization has a \$2,000,000 revolving line of credit, none of which was drawn down as of June 30, 2023. The interest rate is the prime rate, which was 8.25% at June 30, 2023. The line of credit expires on February 14, 2024, and is secured by an investment account of the Organization.

**NOTE O – RELATED PARTY TRANSACTIONS**

The Organizations Board of Directors includes executives from various businesses and institutions that the Organization uses for normal business activities. For the years ended June 30, 2023 and 2022, the Organization paid \$604,349 and \$559,546, respectively, for the health and dental insurance premiums of its employees. The Organization also paid \$604,834 and \$443,746, respectively, to an institution that issues the Organization its corporate credit cards.

The Organizations Board of Directors contributed \$180,333 and \$172,399 to the campaigns in 2023 and 2022, respectively.

**NOTE P – DIRECT COMMUNITY SERVICES**

Community Impact

This function is dedicated to encouraging community engagement, mobilization, and sharing a community vision. Activities include building community relationships, promotion of community involvement in priority issues, and advocating for the support of priority services. Additional activities include prioritization and research for initiative development, outcome measure development and assessment, and service implementation through fund distribution, economic development strategies, and agency designation management.

As a direct result of the strategic planning process, United Way's vision, going forward, calls for the organization to engage the passion, energy and resources of community partners and leaders, working together to help underserved vulnerable populations and improve people's lives to strengthen our entire metro area in the long-term.

United Way of the Midlands  
NOTES TO FINANCIAL STATEMENTS

**NOTE P – DIRECT COMMUNITY SERVICES – CONTINUED**

United Way will be accountable to the community for achieving and communicating results of its own work, that of its partners and grant recipients. It will serve the most vulnerable among us by supporting the local safety net and take the next critical step – committing to solutions on some of our area's biggest human challenges.

*Other Program Services*

Information and Referral

When a caller dials 2-1-1, they find easy access to health and human service programs in Nebraska and Iowa. Certified Resource Specialists develop and maintain a computerized comprehensive database of nearly 4,000 health and human service programs. Individuals who need help, often in crisis situations, are connected with the right community resources by Certified Information and Referral Specialists who use the vast database. As well, individuals and groups that want to volunteer to help others can also be linked with local nonprofit groups. The 2-1-1 community resource database is also available on our website, [www.ne211.org](http://www.ne211.org). The information gathered from both agencies and callers helps to identify gaps in local human services, which can assist local policy makers with future planning efforts. Effective October 2019 with the help of funding from the State of Nebraska, the NE211 Helpline was manned 24x7x365.

Court Referral

Court Referral provides an alternative to incarceration for offenders, both youth and adults, who have been ordered by the judicial system to make retribution to the community through volunteer service. Trained specialists provide placement, monitoring and reporting services to ensure the successful completion of court ordered hours. These individuals are placed in not-for-profit organizations to provide much needed assistance in carrying out each host organization's mission. The individuals gain and enhance marketable social and job skills. The judicial system gains a cost-effective means for managing offenders. The entire community is impacted and receives benefits from this program.

Comprehensive Volunteerism

The Organization links prospective volunteers with local nonprofit organizations that need the help. These can be one-time, monthly or more regular volunteer projects that meet the skills and schedule of the volunteering individual or group. Also, volunteer leadership and management skills are developed and implemented through referral, training, recognition and consultation for both program service volunteers and those who wish to serve on policy making boards at local nonprofits. A community volunteer opportunity database is available on the Organization's website.

Jobs for America's Graduates (JAG)

Effective July 2020, Organization agreed to provide services to the Nebraska Department of Labor (NDOL) regarding implementation and operation of the JAG Model in Nebraska. This program established JAG accredited programs at Nebraska schools (approved in advance by NDOL) with the purpose of helping junior high and high school students overcome obstacles and build skills so they are set up for success in the classroom and workplace. This program is funded in large part by an agreement with NDOL consisting of funds provided through the United States Department of Labor and Temporary Assistance for Needy Families (TANF) funds through the United States Department of Health and Human Services.

United Way of the Midlands  
NOTES TO FINANCIAL STATEMENTS

**NOTE P – DIRECT COMMUNITY SERVICES – CONTINUED**

Goodfellows

In November 2020, Organization entered into an agreement with the Omaha World Herald to transfer responsibility of the Goodfellows program to the United Way. All assets, liabilities and back-office administration of this program were transferred to United Way. At that time, United Way accepted full responsibility of the fundraising and program duties of Goodfellows. The Goodfellows program was established in the 1890's to help those in our community who had fallen on hard times, including people between jobs, the elderly, the ill, those who have experienced abuse and those facing a personal crisis with nowhere else to turn. In partnering with Goodfellows the United Way will continue to help individuals and families stay in their homes, put food on the table and keep the lights and heat on during these difficult times.

Emergency Rental Assistance Program

In April 2021, the Organization was selected as a partner agency supporting Metro Area Continuum of Care for the Homeless (MACCH) in the distribution of the City of Omaha's \$22 million grant from the U.S. Department of Treasury Emergency Rental Assistance funds. These funds are to assist Omaha citizens with rental and utility assistance due to the COVID-19 pandemic. Distributions of these funds began in July 2021 and ended in June 2023.

**NOTE Q – NEW ACCOUNTING STANDARDS**

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). ASU 2016-02 affects any entity that enters into a lease and is intended to increase the transparency and comparability of financial statements among organizations. ASU 2016-02 requires, among other changes, a lessee to recognize on its statement of financial position a lease asset and a lease liability for those leases previously classified as operating leases. The lease asset represents the right to use the underlying asset for the lease term and the lease liability represents the discounted value of the required lease payments to the lessor. ASU 2016-02 also requires entities to disclose key information about leasing arrangements.

The Organization adopted the standard, effective for the year ended June 30, 2023, using a modified retrospective approach with the effective date option, which allows the Organization to apply the standard at the effective date, July 01, 2022, and recognize a cumulative effect adjustment to the opening balance of net assets in the period of adoption. Under this approach, the reporting for comparative periods presented in the financial statements will continue to be in accordance with legacy GAAP.

The new standard provides a number of optional practical expedients in transition. On adoption, the Organization elected the package of practical expedients permitted under the transition guidance, which allowed the Organization to carry forward historical lease classifications for existing leases on the adoption date, and allowed the Organization not to assess whether an existing contract contains a lease or initial direct costs. In addition, the Organization also elected not to apply the lease recognition requirements to its short-term leases, that is, leases with a term of 12 months or less, as allowed under the standard. The Organization did not elect the hindsight practical expedient to determine the lease term for existing leases.

NOTES TO FINANCIAL STATEMENTS

**NOTE Q – NEW ACCOUNTING STANDARDS – CONTINUED**

The adoption of this standard resulted in recognition of lease assets in the amount of \$3,975,649 and lease liabilities in the amount of \$3,975,649 on the statement of financial position. The adoption of the standard did not result in a cumulative effect adjustment to the opening balance of net assets in the period of adoption based on the initial recognition of the Organization's active leases at the effective date. The Organization's accounting policies in note A have been updated to reflect the impact of the standard. Additionally, see note F for further disclosure of the Organization's leasing arrangements.

**NOTE R - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through the audit report date, the date the financial statements were available to be issued.

On September 20, 2023, the Organization entered into a lease agreement for its administrative office commencing on October 1, 2023, and ending on December 31, 2030. Under the terms of the lease the first four months of rent are free followed by monthly payments of \$54,818 escalating every year. The Organization additionally received permission to terminate their existing lease for its administrative office with a 90 day notice.





# HIBE

## HIBE

SUPPLEMENTAL INFORMATION

United Way of the Midlands

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2023

Federal Grantor/Program or Cluster Title	Pass-Through Grantor	Assistance Listing Number	Grant Identifying Number	Federal Expenditures
<b>U.S. Department of Labor</b>				
Employment Service Cluster/ Employment Service/ Wagner-Peyser Funded Activities	Nebraska Department of Labor	17.207	023-0028-2022	\$ 150,000
<b>U.S. Department of Health and Human Services</b>				
477 Cluster/ Temporary Assistance for Needy Families	Nebraska Department of Labor	93.558	023-0028-2022	1,408,450
<b>U.S. Department of Education</b>				
COVID - 19, Governor's Emergency Education Relief Fund	Nebraska Department of Labor	84.425C	023-0009-2022	245,545
<b>U.S. Department of Treasury</b>				
COVID-19, Coronavirus State and Local Fiscal Recovery Funds	City of Omaha, Nebraska	21.027	SLFRP0230	<u>2,314,856</u>
				<u>\$ 4,118,851</u>

**Basis of Presentation.** The accompanying schedule of federal awards includes federal grant activity of United Way of the Midlands and is presented on the accrual basis of accounting. Grant awards are considered expended when the expense transactions associated with the grant occur. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

**Subrecipients.** The Organization had no subrecipients.

**Indirect Costs.** The Foundation elected to use the ten percent de minimis indirect cost rate as allowed in the Uniform Guidance, 2 CFR 200.414.



SINGLE AUDIT SECTION

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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*

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Board of Directors  
United Way of the Midlands  
Omaha, Nebraska

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 of the Midlands, which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated October 6, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered United Way of the Midlands's internal control over financial reporting (internal control) as a basis for designing 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 of the Midlands's internal control. Accordingly, we do not express an opinion on the effectiveness of Organization'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 or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether United Way of the Midlands's financial statements are free from 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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature in black ink that reads "HBE LLP". The letters are stylized and cursive.

Lincoln, Nebraska  
October 6, 2023



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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH THE UNIFORM GUIDANCE

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Board of Directors  
United Way of the Midlands  
Lincoln, Nebraska

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited United Way of the Midlands's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of United Way of the Midlands's major federal programs for the year ended June 30, 2023. United Way of the Midlands's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, United Way of the Midlands complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of United Way of the Midlands and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of United Way of the Midlands's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to United Way of the Midlands's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on United Way of the Midlands's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about United Way of the Midlands's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 United Way of the Midlands's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of United Way of the Midlands's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of United Way of the Midlands's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*HBE LLP*

Lincoln, Nebraska  
October 6, 2023

United Way of the Midlands

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2023

**Summary of Auditors' Results**

- a) An unmodified audit report was issued on the financial statements of United Way of the Midlands.
- b) No deficiencies in internal control were disclosed by the audit of the financial statements.
- c) The audit did not disclose any noncompliance which would be material to the financial statements.
- d) No control deficiencies in internal control over its major federal award programs was disclosed by the audit.
- e) An unmodified audit report was issued on compliance for United Way of the Midlands's major federal award programs.
- f) The audit disclosed no findings which were required to be reported relative to the major federal award programs.
- g) The programs tested as major were:
  - COVID-19, Coronavirus State and Local Fiscal Recovery Funds, Assistance Listing No. 21.027
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- i) United Way of the Midlands qualified as a low-risk auditee as defined by the Uniform Guidance.

**Findings – Financial Statements Audit**

None

**Findings and Questioned Costs – Major Federal Awards Program Audit**

None

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended June 30, 2023

**Findings – Major Federal Awards Program Audit**

2022-001      Lack of support or ineligible student

*Condition:* Two students were identified by the auditor in relation to the eligibility compliance requirement that were either: a) not eligible for the program, or b) had no support proving the student was eligible to participant in the program. The low income student participation percentages applied to JAG Program costs were overstated based on the one ineligible student identified. This percentage is used to determine TANF eligible JAG Program expenses, which as result were overstated.

*Status:* Corrected.

