



THE WHITLOCK CO.

CPAs and Consultants

UNITED WAY OF THE OZARKS, INC.

**FINANCIAL STATEMENTS
and
SUPPLEMENTARY INFORMATION
with
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED JUNE 30, 2022 AND 2021**



Independent Auditor's Report

Board of Directors
United Way of the Ozarks, Inc.
Springfield, Missouri

Opinion

We have audited the financial statements of **United Way of the Ozarks, Inc.** (United Way), which comprise the statements of financial position as of June 30, 2022 and 2021, 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 accompanying financial statements present fairly, in all material respects, the financial position of **United Way of the Ozarks, Inc.** as of June 30, 2022 and 2021, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **United Way of the Ozarks, 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 these 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 Ozarks, Inc.'s** ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or

the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **United Way of the Ozarks, 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 the Ozarks, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Agency Allocations, Schedule of Special Allocations, and Historical Information Loss on Collections are presented for purposes of additional analysis and are 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

The image shows a handwritten signature in black ink that reads "THE WHITLOCK CO., LLP". The signature is written in a cursive, slightly stylized font.

Springfield, Missouri
November 6, 2022

STATEMENTS OF FINANCIAL POSITION

UNITED WAY OF THE OZARKS, INC.
STATEMENTS OF FINANCIAL POSITION

ASSETS

	June 30,	
	2022	2021
Current assets		
Cash and cash equivalents	\$ 1,220,715	\$ 1,360,775
Short-term investments	742,398	438,901
Pledge receivables		
Current campaign, net	35	1,298
Prior campaign, net	797,717	784,842
Prepaid expenses	3,196	12,100
Other receivables	9,432	2,538
Total current assets	2,773,493	2,600,454
Non-current		
Cash surrender value of life insurance policy	32,492	33,424
Long-term investments	3,892	3,877
Property and equipment, net	185,865	169,762
Total non-current assets	222,249	207,063
Total assets	\$ 2,995,742	\$ 2,807,517

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 10,660	\$ 14,348
Accrued salaries	-	13,618
Accrued vacation	18,620	13,946
Deferred credits	51,790	58,992
Total current liabilities	81,070	100,904
Net assets		
Without donor restriction		
Undesignated	518,160	174,371
Board designated	58,029	37,697
Total without donor restriction	576,189	212,068
With donor restriction	2,338,483	2,494,545
Total net assets	2,914,672	2,706,613
Total liabilities and net assets	\$ 2,995,742	\$ 2,807,517

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF ACTIVITIES

UNITED WAY OF THE OZARKS, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without donor restriction	With donor restriction	Total	Without donor restriction	With donor restriction	Total
Revenue and other support						
Campaign - current allocation period						
Contributions received	\$ 47,483	\$ 2,091,728	\$ 2,139,211	\$ 35,706	\$ 2,287,655	\$ 2,323,361
Contributions received - released from restrictions	2,183,599	(2,183,599)	-	2,283,251	(2,283,251)	-
Less allowance for uncollectible pledges	-	(127,738)	(127,738)	-	(146,816)	(146,816)
Total campaign - current period	<u>2,231,082</u>	<u>(219,609)</u>	<u>2,011,473</u>	<u>2,318,957</u>	<u>(142,412)</u>	<u>2,176,545</u>
Campaign - next allocation period						
Contributions received	-	48,576	48,576	-	43,487	43,487
Total campaign - next allocation period	<u>-</u>	<u>48,576</u>	<u>48,576</u>	<u>-</u>	<u>43,487</u>	<u>43,487</u>
Total campaign	2,231,082	(171,033)	2,060,049	2,318,957	(98,925)	2,220,032
Service fee income	141,958	-	141,958	180,671	-	180,671
Grants	42,500	31,512	74,012	123,400	342,430	465,830
Miscellaneous income	59,558	2,618	62,176	11,450	-	11,450
Sponsorships	1,750	42,500	44,250	-	47,500	47,500
Contributions	-	20,024	20,024	400	41,894	42,294
Interest and dividends from investments	7,342	642	7,984	4,799	-	4,799
In-kind contributions	5,120	-	5,120	35,930	-	35,930
Interest and dividends from designated quasi-endowments	-	25	25	1	41	42
Unrealized gain on designated quasi-endowments	-	-	-	43	-	43
Transfer (to) from other funds	727	(727)	-	135,544	(135,544)	-
Release from restriction	81,623	(81,623)	-	293,257	(293,257)	-
Total revenue and other support	<u>\$ 2,571,660</u>	<u>\$ (156,062)</u>	<u>\$ 2,415,598</u>	<u>\$ 3,104,452</u>	<u>\$ (95,861)</u>	<u>\$ 3,008,591</u>

(continued)

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF THE OZARKS, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

(continued)

	2022			2021		
	<u>Without donor restriction</u>	<u>With donor restriction</u>	<u>Total</u>	<u>Without donor restriction</u>	<u>With donor restriction</u>	<u>Total</u>
Total revenue and support	\$ 2,571,660	\$ (156,062)	\$ 2,415,598	\$ 3,104,452	\$ (95,861)	\$ 3,008,591
Expenses						
Program services						
Community investment	1,351,645	-	1,351,645	1,714,262	-	1,714,262
Labor	46,603	-	46,603	10,741	-	10,741
Public relations	107,754	-	107,754	40,057	-	40,057
United Way projects	<u>65,849</u>	<u>-</u>	<u>65,849</u>	<u>283,639</u>	<u>-</u>	<u>283,639</u>
Total program services	<u>1,571,851</u>	<u>-</u>	<u>1,571,851</u>	<u>2,048,699</u>	<u>-</u>	<u>2,048,699</u>
Support services						
Fundraising	281,137	-	281,137	185,137	-	185,137
Management and general	<u>354,551</u>	<u>-</u>	<u>354,551</u>	<u>383,885</u>	<u>-</u>	<u>383,885</u>
Total support services	<u>635,688</u>	<u>-</u>	<u>635,688</u>	<u>569,022</u>	<u>-</u>	<u>569,022</u>
Total expenses	2,207,539	-	2,207,539	2,617,721	-	2,617,721
Change in net assets	364,121	(156,062)	208,059	486,731	(95,861)	390,870
Net assets - beginning of period	<u>212,068</u>	<u>2,494,545</u>	<u>2,706,613</u>	<u>(274,663)</u>	<u>2,590,406</u>	<u>2,315,743</u>
Net assets - end of period	<u>\$ 576,189</u>	<u>\$ 2,338,483</u>	<u>\$ 2,914,672</u>	<u>\$ 212,068</u>	<u>\$ 2,494,545</u>	<u>\$ 2,706,613</u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF THE OZARKS, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022**

	PROGRAM SERVICES					SUPPORT SERVICES		Totals
	Community Investment	Labor	Public Relations	Grants and Contracts	Total Program Services	Fundraising	Management and General	
Salaries and related expenses	\$ 159,213	\$ 31,789	\$ 81,950	\$ 41,285	\$ 314,237	\$ 215,097	\$ 259,391	\$ 788,725
Professional fees	12,201	2,687	4,477	3,258	22,623	9,875	15,825	48,323
Supplies and materials	2,966	643	2,123	1,920	7,652	6,915	3,205	17,772
Telephone	2,137	354	933	147	3,571	2,361	1,868	7,800
Occupancy	8,208	2,012	3,536	836	14,592	7,673	8,462	30,727
Insurance	1,082	274	525	151	2,032	1,091	3,664	6,787
Printing and publications	4,065	252	2,607	1	6,925	3,747	227	10,899
Local travel	66	1	1	1	69	412	1	482
Conferences, training & meetings	5,040	11	89	19	5,159	3,258	160	8,577
Educational programming	5,942	1,016	610	2,733	10,301	2,595	796	13,692
Membership dues	2,709	1,038	3,366	533	7,646	3,593	1,251	12,490
Equipment leases, maintenance & purchases	4,319	103	193	10	4,625	9,913	5,825	20,363
Annual meeting	-	-	244	-	244	-	-	244
Public education	23,730	126	211	106	24,173	339	115	24,627
Outreach	33,491	2,416	-	-	35,907	-	-	35,907
Contract services	1,834	27	1,681	13,120	16,662	940	12,427	30,029
Miscellaneous expenses	844	290	433	83	1,650	3,196	1,047	5,893
United Way Worldwide dues	14,789	3,564	4,775	1,646	24,774	10,132	4,826	39,732
In-kind expenditures	-	-	-	-	-	-	5,120	5,120
Total expenses before depreciation and other expenses	282,636	46,603	107,754	65,849	502,842	281,137	324,210	1,108,189
Depreciation of fixed assets	-	-	-	-	-	-	30,341	30,341
Total expenses before other expenses	282,636	46,603	107,754	65,849	502,842	281,137	354,551	1,138,530
Non-Profit agency allocations	1,057,375	-	-	-	1,057,375	-	-	1,057,375
Special allocations	11,634	-	-	-	11,634	-	-	11,634
Total allocations	1,069,009	-	-	-	1,069,009	-	-	1,069,009
Total expenses	\$ 1,351,645	\$ 46,603	\$ 107,754	\$ 65,849	\$ 1,571,851	\$ 281,137	\$ 354,551	\$ 2,207,539

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF THE OZARKS, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

	PROGRAM SERVICES					SUPPORT SERVICES		Totals
	Community Investment	Labor	Public Relations	Grants and Contracts	Total Program Services	Fundraising	Management and General	
Salaries and related expenses	\$ 149,781	\$ 7,011	\$ 23,052	\$ 101,741	\$ 281,585	\$ 134,925	\$ 236,840	\$ 653,350
Professional fees	12,238	716	713	3,872	17,539	7,302	17,903	42,744
Supplies and materials	1,428	68	281	1,461	3,238	1,943	3,029	8,210
Telephone	3,421	285	299	589	4,594	2,327	3,658	10,579
Occupancy	7,684	413	686	968	9,751	5,544	12,236	27,531
Insurance	2,284	123	222	98	2,727	1,229	5,122	9,078
Printing and publications	128	10	35	146	319	3,518	116	3,953
Local travel	3	-	1	32	36	121	6	163
Conferences, training & meetings	1,048	14	1,708	574	3,344	1,551	607	5,502
Educational programming	18	-	357	23,543	23,918	2,393	91	26,402
Membership dues	2,250	854	1,562	102	4,768	3,167	1,596	9,531
Advertising	487	8	5	2	502	130	92	724
Annual meeting	-	-	3,727	-	3,727	-	-	3,727
Public education	4,959	-	-	-	4,959	-	-	4,959
Contract services	4,265	1	3,695	90,121	98,082	674	4,290	103,046
Miscellaneous expenses	548	26	59	67	700	1,282	2,632	4,614
Equipment leases, maintenance & purchases	2,276	73	1,819	29,272	33,440	11,476	9,161	54,077
United Way Worldwide dues	12,026	1,139	1,836	542	15,543	7,555	16,904	40,002
In-kind expenditures	-	-	-	-	-	-	35,930	35,930
Total expenses before depreciation and other expenses	204,844	10,741	40,057	253,130	508,772	185,137	350,213	1,044,122
Depreciation of fixed assets	-	-	-	-	-	-	33,672	33,672
Total expenses before other expenses	204,844	10,741	40,057	253,130	508,772	185,137	383,885	1,077,794
Non-Profit agency allocations	1,494,657	-	-	-	1,494,657	-	-	1,494,657
Special allocations	14,761	-	-	30,509	45,270	-	-	45,270
Total allocations	1,509,418	-	-	30,509	1,539,927	-	-	1,539,927
Total expenses	\$ 1,714,262	\$ 10,741	\$ 40,057	\$ 283,639	\$ 2,048,699	\$ 185,137	\$ 383,885	\$ 2,617,721

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF THE OZARKS, INC.

STATEMENTS OF CASH FLOWS

	Years ended June 30,	
	2022	2021
Cash flows from operating activities		
Campaign contributions - current period	\$ 1,999,861	\$ 2,289,310
Campaign contributions - next allocation period	48,576	43,487
Federal and state grants	66,810	376,852
Program income	44,250	47,500
Contributions	20,024	42,294
Miscellaneous income	203,292	227,719
Interest income	8,009	4,841
Direct payments to agencies	(11,634)	(45,270)
Salaries and related expenditures	(797,669)	(651,142)
Other operating expenditures	(1,371,623)	(1,883,010)
Net cash provided by operating activities	209,896	452,581
Cash flows from investing activities		
Purchase of fixed assets	(46,444)	(20,381)
Purchase of investments	(303,522)	(282,404)
Sale of investments	10	7,623
Net cash used in investing activities	(349,956)	(295,162)
Increase (decrease) in cash and cash equivalents	(140,060)	157,419
Cash and cash equivalents at beginning of period	1,360,775	1,203,356
Cash and cash equivalents at end of period	\$ 1,220,715	\$ 1,360,775
Supplemental cash flows information		
SBA Paycheck Protection Program loan forgiveness	\$ -	\$ 108,900

(continued)

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF THE OZARKS, INC.

STATEMENTS OF CASH FLOWS

(continued)

	<u>Years ended June 30,</u>	
	<u>2022</u>	<u>2021</u>
Reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	\$ 208,059	\$ 390,870
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	30,341	33,672
Unrealized gain on designated quasi-endowments	-	(41)
Unrealized loss on cash value life insurance	932	661
Forgiveness of SBA Paycheck Protection Program	-	(108,900)
Decrease (increase) in:		
Pledges receivable	(11,612)	112,765
Accounts receivable	(6,894)	(995)
Prepaid expenses	8,904	(1,182)
Increase (decrease) in:		
Accounts payable	(3,688)	3,601
Accrued salaries	(13,618)	1,961
Accrued vacation payable	4,674	247
Deferred revenue	<u>(7,202)</u>	<u>19,922</u>
Net cash provided by operating activities	<u>\$ 209,896</u>	<u>\$ 452,581</u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY OF THE OZARKS, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

1. Summary of significant accounting policies

Nature of activities

United Way of the Ozarks, Inc. (United Way) was incorporated October 27, 1930 as an independently operated non-profit corporation whose mission is improving lives in the Ozarks by raising funds and uniting community support around our communities' critical needs and red flags in 14 counties in Southwest Missouri. United Way develops financial resources through an annual community-based resource development effort soliciting employee and corporate donations from businesses, health and education institutions, public service agencies, and organized labor. The development of financial resources from individuals, governmental and foundation sources, and the recruitment and mobilization of volunteers is also a core function of United Way.

United Way also has a lead role in the assessment of local community needs and develops an annual volunteer-driven investment plan to direct its resources to address critical issues. United Way is not a unit or chapter of any national organization. United Way is governed by a volunteer Board of Directors that hires and employs professional staff to carry out the day-to-day operations of the organization. Election of the board occurs at the annual meeting upon nomination by a standing committee from the board.

Promises to give

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions are reported either in the without donor restriction net asset class, or the with donor restriction net asset class. United Way reports all contributions that are restricted by donor in the with donor restriction net asset class. When the restriction expires, the with donor restriction net assets are reclassified to the without donor restriction net asset class.

If a restriction expires in the same fiscal year as the contribution is received, the contribution is reported in the without donor restriction class.

Amounts from the annual campaign are due within one year. Often the completion of campaign collections is not until early in the following year. However, since pledges are actually due within one year, the amounts have not been discounted to present value, as any difference due to present value calculations is deemed insignificant.

United Way uses the allowance method to estimate uncollectible pledges receivable. The allowance estimate is based on prior years' collection experience.

Basis of accounting

Revenues and expenditures are recognized on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when both measurable and available. Expenditures under the accrual basis of accounting are recorded when the liability is incurred.

UNITED WAY OF THE OZARKS, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Financial statement presentation

United Way's financial statements are presented in accordance with Financial Accounting Standards Board (FASB) *Codification Topic 958*, "Not-For-Profit Entities." Under FASB *Codification Topic 958*, United Way reports information regarding its financial position and activities according to two classes of net assets: with donor restriction and without donor restriction. The classification of net assets into two categories is based on the existence or absence of donor-imposed restrictions, stipulations that specify a use for a contributed asset that is more specific than broad limits resulting from United Way's basic mission and environment in which it operates.

The FASB issued *ASU 2016-14 Presentation of Financial Statements for Not-for-Profit Entities*, (*ASU 2016-14*) in August 2016. *ASU 2016-14* improves the current net asset classification requirements and the information presented in the financial statements and notes about United Way's liquidity, financial performance, and cash flows.

Adoption of new accounting standards

On July 1, 2021, United Way adopted the new accounting standard *ASU 2020-07, Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. United Way recognized the cumulative effect of initially applying the new standard, which required no adjustment to the opening balance of net assets.

Reclassification

Certain accounts relating to the prior year have been reclassified to conform with the current year's presentation. Such reclassification had no effect on net assets.

Contributions

In accordance with the requirements of FASB *Codification Topic 958*, United Way records its current year pledges receivable in the net assets with donor restriction classification until they are released from restrictions, when they are reclassified to net assets without donor restriction.

Cash and cash equivalents

For purposes of the statement of cash flows, United Way considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Property and equipment

Property and equipment are stated at cost or at their fair market value if donated and are reported in the without donor restriction net asset class. All long-lived assets with a cost, or fair market value if donated, of \$1,000 or greater are capitalized and depreciated. Depreciation is computed on a straight-line basis over the useful life of the asset, typically 3-10 years for furniture and equipment.

UNITED WAY OF THE OZARKS, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Revenue recognition

United Way recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions are reported as either revenues without donor restrictions or revenues with donor restrictions.

Service fee income is revenue received for services provided on a regular basis to another not for profit. This revenue is recognized over time as the services are completed.

Certain revenue streams, including grant revenue, contributions, and investment income do not qualify as exchange transactions. These revenue streams are not considered revenue from contracts with customers and will not be subject to ASU 2014-09.

Functional expenses

United Way allocates its expenses on a functional basis among its various programs and support services and is committed to complying with United Way Worldwide cost reduction standards. Expenses that can be identified with a specific program (i.e. agency allocations) are allocated directly according to their natural expenditure classification. Various statistical bases allocate other expenses that are common to several functions.

The principal programs of United Way, as reported on the functional expense statement are as follows:

Community investment

Community investment includes all direct payments to community providers, as well as regular allocations to agencies and initiatives funded by United Way. Partner agencies normally receive monthly allocations from United Way.

Labor

Included in the labor program are all the costs associated with the labor contract maintained with the labor community. United Way recognizes that many donations are from the labor community; therefore, one of the positions at United Way provides a liaison with that group. This program area accounts for all costs associated with the maintenance of that liaison position.

Public relations

Public relations includes expenses related to United Way public relations in general.

United Way projects

United Way includes in its project function all costs associated with the grant programs conducted under its auspices. The primary focus of these projects is to facilitate and promote community problem-solving by coordinating and developing all available resources for the betterment of the community and its people.

UNITED WAY OF THE OZARKS, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

The principal support services of United Way, as reported on the functional expense statement are as follows:

Fundraising

Fundraising includes those costs associated with conducting the annual campaign.

Management and general

Management and general includes all costs relating to maintaining the offices and support staff of United Way.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Tax-exempt status

United Way is a non-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986. United Way is not a private foundation.

Uncertainty in income taxes

Generally Accepted Accounting Principles prescribe a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and provides guidance on various related matters such as the position United Way has taken that the organization is exempt from income taxes.

United Way's income tax filings are subject to audit by various taxing authorities. United Way's open tax audit periods are 2019 through 2021. In evaluating United Way's tax positions, interpretations and tax planning strategies are considered. United Way believes their estimates are appropriate based on current facts and circumstances.

Recent accounting pronouncements

In February 2016, the FASB issued ASU 2016-02 *Leases*. ASU 2016-02 requires recognition of the assets and liabilities that arise from leases. The new standard is effective for fiscal years beginning after December 15, 2021. United Way is currently evaluating the effect that implementation of the new standard will have on its statement of financial position, statement of activities, and cash flows.

The FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*, in June 2016. Its implementation will result in a new Accounts Receivable loss accounting framework, also known as the current expected credit loss (CECL) model. CECL requires credit losses expected throughout the life of the asset to be recorded at the time of origination. Under the current incurred loss model, losses are recorded when it is probable that a loss event has occurred. The new standard will require significant operational changes, especially in data collection and analysis. The ASU is effective

UNITED WAY OF THE OZARKS, INC.
NOTES TO THE FINANCIAL STATEMENTS
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for interim and annual periods after December 15, 2022 and is expected to increase the allowance upon adoption. United Way is assessing the standard and is in the process of reviewing the capability of its systems and processes to support the data collection and retention required to implement the new standard.

2. Investments

Investments at June 30, 2022 and 2021 consist of the following:

	June 30, 2022		
	Amount	Rate	Maturity
Certificates of Deposit			
Guaranty Bank	\$ 352,732	0.25%	11/29/22
Great Southern Bank	309,024	0.27%	10/21/22
Great Southern Bank	80,642	0.27%	10/21/22
Total Certificates of Deposit	742,398		
Community Foundation	3,892		
Total investments	\$ 746,290		
	June 30, 2021		
	Amount	Rate	Maturity
Certificates of Deposit			
Guaranty Bank	\$ 52,338	0.75%	11/29/21
Great Southern Bank	306,563	0.80%	10/21/21
Great Southern Bank	80,000	0.80%	10/21/21
Total Certificates of Deposit	438,901		
Community Foundation	3,877		
Total investments	\$ 442,778		

Fair market value for United Way investments held with Community Foundation was \$3,892 and \$3,877 at June 30, 2022 and 2021, respectively.

During the year ended June 30, 2022 and 2021, the unrealized gains on all investments totaled \$0 and \$43, respectively.

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During the year ended June 30, 2022 and 2021, interest and dividends on all investments listed above and the operating account totaled \$8,010 and \$4,840, respectively.

3. Pledge receivables

Pledges to the United Way campaign are due within one year as the campaign is conducted on an annual basis. United Way writes remaining pledge receivables off the books after two years. Pledge receivables from the prior year campaign are presented in net assets without donor restriction since the time restrictions on the use of the funds have expired. Pledge receivables from the campaign starting in the spring of 2022 (2021) are reported in the net assets with donor restriction class since the cash flows from those receivables are to be used in the following year - 2023 (2022). The 2022 campaign ran from April 2021 through March 2022. The amounts receivable for the campaigns, as well as their related allowances for uncollectible pledges at June 30, 2022 and 2021, are as follows:

	June 30, 2022		
	Without donor restriction 2021 campaign	Without donor restriction 2022 campaign	With donor restriction 2023 campaign
Pledge receivables	\$ 104,811	\$ 925,455	\$ 35
Less: allowance for uncollectible pledges	(104,811)	(127,738)	-
Pledge receivables, net	\$ -	\$ 797,717	\$ 35
	June 30, 2021		
	Without donor restriction 2020 campaign	Without donor restriction 2021 campaign	With donor restriction 2022 campaign
Pledge receivables	\$ 129,251	\$ 931,658	\$ 1,298
Less: allowance for uncollectible pledges	(129,251)	(146,816)	-
Pledge receivables, net	\$ -	\$ 784,842	\$ 1,298

4. Cash surrender value of life insurance policy

In December 2004, United Way received a donation of a life insurance policy in which the organization was the designated beneficiary. United Way began paying the annual premiums in fiscal year 2004. The cash surrender value of the life insurance policy at June 30, 2022 and 2021 was \$32,492 and \$33,424, respectively.

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5. Property and equipment

Property and equipment are stated at cost or fair market value, if donated, and are depreciated on a straight-line basis over a period as explained in Note 1. Gross value and accumulated depreciation at June 30, is as listed:

<u>Description</u>	<u>2022</u>	<u>2021</u>
Furniture and equipment	\$ 102,312	\$ 100,962
Computer software	22,125	22,125
Leasehold improvements	<u>350,872</u>	<u>305,777</u>
Total property and equipment	475,309	428,864
Less accumulated depreciation	<u>(289,444)</u>	<u>(259,102)</u>
Total property and equipment, net	<u>\$ 185,865</u>	<u>\$ 169,762</u>

Additions to each asset class are described below:

<u>Description</u>	<u>2022</u>	<u>2021</u>
Equipment	\$ 1,350	\$ 10,822
Building improvements	\$ 45,094	\$ 9,559

Depreciation expense for the year ended June 30, 2022 and 2021 was \$30,341 and \$33,672, respectively.

6. SBA Paycheck Protection Program

The Paycheck Protection Program is a loan designed to provide a direct incentive for small businesses to keep their workers on payroll. The Small Business Administration will forgive the loan if all employee retention criteria are met and the funds are used for eligible expenses. On February 9, 2021, United Way received a notice of forgiveness from the Small Business Administration.

7. Net assets

Net assets without donor restriction can be classified as undesignated or board designated. Board designated net assets without donor restriction are those assets which have been designated by the United Way board for use in specific projects.

Net assets with donor restriction are those assets which have been provided by donors for use in specific projects and/or for use in a specific time period. Those funds are held in the net assets with donor restriction class until expended.

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The net asset with donor restriction balance relates primarily to the United Way campaign. Moneys raised each year are designated through the campaign to support the agencies and United Way administration during the coming year. Therefore, at each year-end, the entire campaign, less the related allowance for doubtful accounts and less allocations to agencies for the coming year which were approved by the Board of Directors prior to year-end, resides in the net assets with donor restriction classification. That restriction will be lifted, and reclassification entries made to the net assets with donor restriction class as receipts are collected and expenditures made during the following year.

Because United Way approved all agency allocations for the coming six months prior to each year-end, reclassification entries, expense entries, and corresponding liabilities for agency allocations for the coming year are entered at the time of board approval.

Net assets without donor restriction and net assets with donor restriction are available for the following purposes at June 30:

<u>Net assets without donor restriction</u>	<u>2022</u>	<u>2021</u>
Undesignated	\$ 518,160	\$ 174,371
Board designated	<u>58,029</u>	<u>37,697</u>
Total net assets without donor restriction	<u>\$ 576,189</u>	<u>\$ 212,068</u>
 <u>Net assets with donor restriction</u>	 <u>2022</u>	 <u>2021</u>
Time restriction		
Campaign funds for use in 2022 (2021)	\$ 2,012,566	\$ 2,184,326
Purpose restriction		
United Way donor restricted	244,816	229,760
Entrepreneurial fund	<u>81,101</u>	<u>80,459</u>
Total net assets with donor restriction	<u>\$ 2,338,483</u>	<u>\$ 2,494,545</u>
 Total net assets	 <u>\$ 2,914,672</u>	 <u>\$ 2,706,613</u>

8. Revenue recognition

United Way accounts for a contract when both parties have approved the contract and are committed to perform their obligations, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

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The following table disaggregates revenue for the year ended June 30:

	2022	2021
Point in time revenue		
Miscellaneous income	\$ 62,176	\$ 11,450
Total point in time revenue	62,176	11,450
Over time revenue		
Service fee income	141,958	180,671
Total over time revenue	141,958	180,671
	\$ 204,134	\$ 192,121

9. Contributed services and materials

During the year ended June 30, 2022, there were no material contributed services meeting the requirements for recognition in the financial statements outlined in *FASB Codification Topic 958*. Often, materials are donated to United Way from various sources and then passed on to the member agencies. These amounts were booked as revenue and expense for the period. In addition, program materials in the amount of \$5,120 and \$35,930 were recorded as revenue and expense for United Way projects for the years ended June 30, 2022 and 2021, respectively.

10. Retirement plan

United Way participates in a defined contribution retirement plan covering all employees who have completed one year of service at United Way or another qualifying organization. This plan is in accordance with Internal Revenue Code Sec. 403(b). For employees meeting eligibility requirements, United Way contributes 10% of each employee's salary to a fund administered by Mutual of America. The employer contribution for the year ended June 30, 2022 and 2021 was \$46,473 and \$47,188, respectively.

11. Concentration of credit risk

United Way maintains cash balances in non-interest bearing transaction accounts at several financial institutions located in the Springfield, Missouri area. Accounts at each institution are insured by the Federal Deposit Insurance Corporation and are subject to the \$250,000 limitation. The account balances are held in sweep accounts where funds are swept each night into accounts where funds are secured by government securities.

The pledge receivable balance constitutes credit risk to the extent that donors might choose not to complete their pledge payments. However, United Way has a consistent collection record, and appropriate allowances for uncollected pledges are maintained as described in Note 4 to the financial statements.

UNITED WAY OF THE OZARKS, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

12. Leases

On April 29, 1996, United Way entered into a lease agreement with the City of Springfield, Missouri for their current office facilities location.

The facilities were leased by United Way for a total value of one dollar for a 50-year period, ending on June 30, 2046. At the end of the lease term, United Way has an option to purchase the leased premises, which include the land and building structure, for the then appraised value of the land only.

On March 28, 2005, a portion of the premises described previously was sub-leased to Great Southern Community Development with the same expiration date of June 30, 2046. The sub-lease was for a total value of one dollar for a 41-year period.

The sub-lease will continue until terminated early by either party or terminated pursuant to the lease between City of Springfield, Missouri and United Way dated April 29, 1996. United Way has no responsibility to repair or maintain the premises during the sub-lease term.

Because the lease agreement with the City of Springfield is for a total value of one dollar, there are no future minimum lease payments. However, United Way does assume responsibility to keep, maintain, repair and operate the entirety of the leased premises, and all improvements and facilities placed thereon will be at its sole cost and expense.

United Way also leases various office equipment through the normal course of business.

13. Related party

Until December 31, 2021, United Way leased employees to Community Partnership of the Ozarks (CPO), a not-for-profit corporation, located in Springfield. United Way received \$1,618,597 and \$2,816,004 for employee labor personnel services for the years ending June 30, 2022 and 2021, respectively. These employees are under the direct supervision of the CPO President/CEO who makes all hiring, firing and disciplinary decisions and all activities of these employees accrue to the benefit of CPO. Effective January 1, 2022, this arrangement between CPO and United Way was terminated, and all CPO employees were removed from United Way.

United Way allocates funds to all partner organizations. For the years ended June 30, 2022 and 2021, United Way allocated \$86,198 to CPO. United Way received \$141,958 and \$177,173 from CPO for accounting fees for the years ended June 30, 2022 and 2021, respectively.

14. Fair value of financial instruments

Effective January 1, 2008, United Way adopted FASB Codification Topic 820, *Fair Value Measurements and Disclosures*. FASB Codification Topic 820 defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements.

FASB Codification Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB Codification Topic 820 establishes a fair value hierarchy that prioritizes the inputs used in valuation techniques used to measure fair value into three levels, with Level 1 being the highest priority.

UNITED WAY OF THE OZARKS, INC.
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Level 1 inputs: Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2 inputs: Level 2 inputs are from other than market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes quoted market prices of similar assets or liabilities in active markets, or quoted market prices for identical or similar assets or liabilities in markets that are not active.

Level 3 inputs: Level 3 inputs are unobservable and should be used to measure fair value to the extent that observable inputs are not available.

Investments - Fair values have been determined using quoted market prices.

The following are major categories of assets and liabilities measured at fair value on a recurring basis during the year ended June 30, 2022 and 2021:

		June 30, 2022			
		Fair Value			Carrying
		Level 1	Level 2	Level 3	Amount
<u>Financial Assets</u>					
<u>Investments</u>					
Community Foundation	\$	-	\$ 3,892	\$ -	\$ 3,892
	<u>\$</u>	<u>-</u>	<u>\$ 3,892</u>	<u>\$ -</u>	<u>\$ 3,892</u>
		June 30, 2021			
		Fair Value			Carrying
		Level 1	Level 2	Level 3	Amount
<u>Financial Assets</u>					
<u>Investments</u>					
Community Foundation	\$	-	\$ 3,877	\$ -	\$ 3,877
	<u>\$</u>	<u>-</u>	<u>\$ 3,877</u>	<u>\$ -</u>	<u>\$ 3,877</u>

UNITED WAY OF THE OZARKS, INC.
NOTES TO THE FINANCIAL STATEMENTS
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15. Missouri Works Initiative

During the year ended June 30, 2022, United Way entered into an agreement with Missouri Works Initiative (MWI), a not-for-profit corporation, to help connect participants to necessary and available community support resources. Any staff time attributable to working with program participants is billed at an hourly rate established by the mutual agreement between MWI and United Way. The agreement runs from June 1, 2022 through May 31, 2023.

16. Liquidity and availability

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

	2022	2021
Financial assets, as of June 30:		
Cash and cash equivalents	\$ 1,220,715	\$ 1,360,775
Short-term investments	742,398	438,901
Pledge receivables	797,752	786,140
Long-term investments	3,892	3,877
	2,764,757	2,589,693
Less those unavailable for general expenditure:		
Accounts payable	10,660	14,348
Accrued salaries	-	13,618
Net assets with donor restriction	2,338,483	2,494,545
	2,349,143	2,522,511
Financial assets available to meet cash needs for general expenditure within one year	\$ 415,614	\$ 67,182

17. Subsequent events

In preparing these financial statements, United Way has evaluated events and transactions for potential recognition or disclosure through November 6, 2022, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

UNITED WAY OF THE OZARKS, INC.

SCHEDULE OF NON-PROFIT AGENCY ALLOCATIONS

FOR THE YEAR ENDED JUNE 30, 2022

	Undesignated	Donor	Total
Non Profit allocations	Funds	Designated	Funds
	<u> </u>	<u> </u>	<u> </u>
American Red Cross of Southern Missouri	\$ 100,981	\$ -	\$ 100,981
Betty and Bobby Allison - Ozarks Counseling Center	40,457	-	40,457
Big Brothers/Big Sisters of the Ozarks	41,371	-	41,371
Boy Scouts of America, Ozark Trails Council	49,233	-	49,233
Boys & Girls Club of Springfield	162,995	-	162,995
Community Partnership of the Ozarks	91,196	-	91,196
Court Appointed Special Advocates (CASA)	23,528	-	23,528
Developmental Center of the Ozarks (DCO)	32,143	-	32,143
Girl Scouts of the Missouri Heartland	46,743	-	46,743
Great Circle - Boys & Girls Town of Missouri	23,656	-	23,656
Habitat for Humanity	12,882	-	12,882
Harmony House	49,044	-	49,044
Kids First	18,349	-	18,349
Lutheran Family & Children's Services	24,453	-	24,453
NAMI (National Alliance for Mental Illness)	22,406	-	22,406
OTC Middle College	11,235	-	11,235
Ozarks Literacy Council	19,202	-	19,202
Ozarks Regional YMCA	64,541	-	64,541
Retired and Senior Volunteer Program (RSVP)	14,513	-	14,513
The Kitchen/Rare Breed	22,271	-	22,271
The Salvation Army	100,160	-	100,160
The Victim Center	68,591	-	68,591
Restricted payments to partner non-profits	17,425	-	17,425
Tri-Lakes Grants	-	11,634	11,634
Total agency allocations	<u>\$ 1,057,375</u>	<u>\$ 11,634</u>	<u>\$ 1,069,009</u>

See Independent Auditor's Report.

UNITED WAY OF THE OZARKS, INC.
SCHEDULE OF SPECIAL ALLOCATIONS
FOR THE YEAR ENDED JUNE 30, 2022

United Way of the Ozarks grants	
Coronavirus Response Fund-Supplies	\$ 22,495
COAD Fund	600
United Way Cancer Fund	4,192
United Way Veteran's Emergency Assistance Fund	<u>6,204</u>
Total United Way of the Ozarks grants	<u>33,491</u>
External grants & contracts	
Missouri Apprentice Ready Program	<u>2,416</u>
Total external grants & contracts	<u>2,416</u>
Total special allocations	<u>\$ 35,907</u>

See Independent Auditor's Report.

UNITED WAY OF THE OZARKS, INC.

**HISTORICAL INFORMATION
LOSS ON COLLECTIONS**

	<u>Spring 2020 Campaign</u>	<u>Spring 2019 Campaign</u>	<u>Spring 2018 Campaign</u>	<u>Spring 2017 Campaign</u>	<u>Spring 2016 Campaign</u>	<u>Five-year average</u>
Total campaign	\$ 2,330,415	\$ 2,436,797	\$ 2,526,071	\$ 2,634,120	\$ 2,819,542	\$ 2,549,389
Total collections on campaign	\$ 2,216,972	\$ 2,302,759	\$ 2,396,394	\$ 2,421,200	\$ 2,648,853	\$ 2,397,236
Percent of campaign collected	95.13%	94.50%	94.87%	91.92%	93.95%	94.03%
Percent loss	4.87%	5.50%	5.13%	8.08%	6.05%	5.97%
Total campaign	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

*Campaigns begin in the spring of each year and run through March of the subsequent year.

See Independent Auditor's Report.