

**UNITED WAY OF THE KEARNEY AREA, INC.
KEARNEY, NEBRASKA**

FINANCIAL REPORT
(Reviewed)

DECEMBER 31, 2021

TABLE OF CONTENTS

	Page
INDEPENDENT ACCOUNTANT'S REVIEW REPORT	1 and 2
FINANCIAL STATEMENTS	
Statements of financial position	3
Statements of activities	4 and 5
Statements of functional expenses	6 and 7
Statements of cash flows	8
Notes to financial statements	9 - 21



404 East 25th Street
PO Box 1120
Kearney, NE 68848
308-234-5565
Fax 308-234-2990
www.ksocpa.com

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
United Way of the Kearney Area, Inc.
Kearney, Nebraska

We have reviewed the accompanying financial statements of the United Way of the Kearney Area, Inc. (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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; this includes 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the United Way of the Kearney Area, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on 2020 Financial Statements

The December 31, 2020 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated September 10, 2021. We have not performed any auditing procedures since that date.

KSO CPA's P.C.

A handwritten signature in black ink, appearing to read "KSO CPA's P.C.", is written over a solid horizontal line.

Kearney, Nebraska
August 3, 2022

UNITED WAY OF THE KEARNEY AREA, INC.

STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

ASSETS	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 208,433	\$ 259,467
Cash restricted for KADRG	5,011	95,054
Funds held at foundations	113,025	97,915
Prepaid expenses	1,698	1,621
Contributions receivable, net	197,686	203,897
Other receivables	<u>1,673</u>	<u>1,632</u>
Total current assets	<u>\$ 527,526</u>	<u>\$ 659,586</u>
PROPERTY AND EQUIPMENT		
Equipment	\$ 47,139	\$ 44,897
Less accumulated depreciation	<u>(43,841)</u>	<u>(42,324)</u>
Property and equipment, net	<u>\$ 3,298</u>	<u>\$ 2,573</u>
 Total assets	 <u>\$ 530,824</u>	 <u>\$ 662,159</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 1,590	\$ 1,783
Accrued compensated absences	4,709	10,435
Accrued payroll	902	2,538
Sales tax payable	470	-
Payroll taxes payable	4,047	5,595
Current portion of SBA Paycheck Protection Program loan	<u>-</u>	<u>5,280</u>
Total current liabilities	<u>\$ 11,718</u>	<u>\$ 25,631</u>
LONG TERM LIABILITIES		
SBA Paycheck Protection Program loan, net of current portion	\$ -	\$ 20,020
Total long-term liabilities	<u>\$ -</u>	<u>\$ 20,020</u>
 Total liabilities	 <u>\$ 11,718</u>	 <u>\$ 45,651</u>
NET ASSETS		
Without donor restriction	\$ 250,172	\$ 194,939
With donor restriction	<u>268,934</u>	<u>421,569</u>
 Total net assets	 <u>\$ 519,106</u>	 <u>\$ 616,508</u>
 Total liabilities and net assets	 <u>\$ 530,824</u>	 <u>\$ 662,159</u>

UNITED WAY OF THE KEARNEY AREA, INC.

STATEMENT OF ACTIVITIES
For the year ended December 31, 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions	\$ 44,231	\$ 262,922	\$ 307,153
Grants	2,495	-	2,495
Contributed materials and services	1,973	-	1,973
Investment income, net	15,375	34	15,409
Freedom Fest, gross	46,051	-	46,051
Miscellaneous income	5,258	-	5,258
PPP Loan Forgiveness	25,300	-	25,300
Net assets released from restrictions:			
Restrictions satisfied by the performance of program restrictions	-	-	-
Restrictions satisfied by the passage of time	415,591	(415,591)	-
Total revenues and other support	\$ 556,274	\$ (152,635)	\$ 403,639
EXPENSES			
Community services	\$ 348,122	\$ -	\$ 348,122
General and administrative	64,346	-	64,346
Fundraising	88,573	-	88,573
Total expenses	\$ 501,041	\$ -	\$ 501,041
Change in net assets	\$ 55,233	\$ (152,635)	\$ (97,402)
Net Assets, beginning of year	194,939	421,569	616,508
Net Assets, end of year	\$ 250,172	\$ 268,934	\$ 519,106

UNITED WAY OF THE KEARNEY AREA, INC.

STATEMENT OF ACTIVITIES
For the year ended December 31, 2020

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions	\$ 146,067	\$ 363,442	\$ 509,509
Grants	42,895	138,000	180,895
Contributed materials and services	2,215	-	2,215
Investment income, net	11,564	219	11,783
Freedom Fest, gross	-	-	-
Miscellaneous income	1,483	-	1,483
PPP Loan Forgiveness	-	-	-
Net assets released from restrictions:			
Restrictions satisfied by the performance of program restrictions	-	(15,600)	(15,600)
Restrictions satisfied by the passage of time	<u>520,262</u>	<u>(520,262)</u>	<u>-</u>
Total revenues and other support	<u>\$ 724,486</u>	<u>\$ (34,201)</u>	<u>\$ 690,285</u>
EXPENSES			
Community services	\$ 645,580	\$ -	\$ 645,580
General and administrative	69,835	-	69,835
Fundraising	<u>45,935</u>	<u>-</u>	<u>45,935</u>
Total expenses	<u>\$ 761,350</u>	<u>\$ -</u>	<u>\$ 761,350</u>
Change in net assets	\$ (36,864)	\$ (34,201)	\$ (71,065)
Net Assets, beginning of year	<u>231,803</u>	<u>455,770</u>	<u>687,573</u>
Net Assets, end of year	<u>\$ 194,939</u>	<u>\$ 421,569</u>	<u>\$ 616,508</u>

UNITED WAY OF THE KEARNEY AREA, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2021

	2021			
	Community Services	General and Administrative	Fundraising	Total
PERSONNEL COSTS				
Salaries and wages	\$ 32,128	\$ 43,505	\$ 22,363	\$ 97,996
Employee benefits	547	1,321	547	2,415
Payroll taxes	2,453	3,878	1,792	8,123
Total personnel costs	\$ 35,128	\$ 48,704	\$ 24,702	\$ 108,534
EXPENSES				
Agency funding	\$ 227,240	\$ -	\$ -	\$ 227,240
Bayer Grant project	4,561	-	-	4,561
Community Cares Grant	-	-	-	-
Disaster recovery designations	-	-	-	-
Coats for Kids	8,424	-	-	8,424
Strategic planning	1,000	1,000	1,000	3,000
Community Cares Grant	-	-	-	-
Disaster recovery designations	-	-	-	-
KADRG expenses	50,823	-	-	50,823
COVID-19 designations	-	-	-	-
Bank charges	-	351	257	608
Contract services	-	-	-	-
Supplies	617	678	1,135	2,430
Telephone	1,018	1,019	1,019	3,056
Postage and shipping	279	9	1,222	1,510
Insurance	828	1,657	828	3,313
Rental and maintenance of equipment	1,298	468	1,298	3,064
Prizes and awards	-	-	293	293
Occupancy	5,680	5,680	5,680	17,040
Advertising	219	173	453	845
Travel	-	52	32	84
Conferences, conventions and meetings	-	86	68	154
Professional fees	1,917	1,917	1,917	5,751
Scholarship	1,558	-	-	1,558
Membership dues and subscriptions	2,026	2,046	2,026	6,098
Community Impact Grant	5,000	-	-	5,000
Campaign Kickoff expenses	-	-	8,930	8,930
Freedom Fest expenses	-	-	32,998	32,998
Miscellaneous	-	-	4,210	4,210
Total expenses	\$ 312,488	\$ 15,136	\$ 63,366	\$ 390,990
Total personnel costs and expenses before depreciation	\$ 347,616	\$ 63,840	\$ 88,068	\$ 499,524
Depreciation	506	506	505	1,517
Total expenses	\$ 348,122	\$ 64,346	\$ 88,573	\$ 501,041
Percentage of total expense	69.5%	12.8%	17.7%	100.0%

UNITED WAY OF THE KEARNEY AREA, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2020

	2020			
	Community Services	General and Administrative	Fundraising	Total
PERSONNEL COSTS				
Salaries and wages	\$ 30,965	\$ 46,555	\$ 24,344	\$ 101,864
Employee benefits	547	1,352	547	2,446
Payroll taxes	2,256	3,977	1,832	8,065
Total personnel costs	<u>\$ 33,768</u>	<u>\$ 51,884</u>	<u>\$ 26,723</u>	<u>\$ 112,375</u>
EXPENSES				
Agency funding	\$ 231,164	\$ -	\$ -	\$ 231,164
Bayer grant project	1,439	-	-	1,439
Community Cares Grant	46,844	-	216	47,060
Disaster recovery designations	68,830	-	-	68,830
Coats for Kids	-	-	-	-
Strategic planning	-	-	-	-
Community Cares Grant	-	-	-	-
KADRG expenses	234,253	-	-	234,253
COVID-19 designations	12,100	-	-	12,100
Bank charges	-	492	412	904
Contract services	-	-	88	88
Supplies	342	885	590	1,817
Telephone	1,394	1,394	1,394	4,182
Postage and shipping	3	10	1,340	1,353
Insurance	841	1,682	841	3,364
Rental and maintenance of equipment	1,262	455	1,262	2,979
Prizes and awards	-	-	274	274
Occupancy	5,680	5,680	5,680	17,040
Advertising	134	134	563	831
Travel	-	296	16	312
Conferences, conventions and meetings	-	170	-	170
Professional fees	1,833	1,833	1,833	5,499
Scholarship	530	-	-	530
Membership dues and subscriptions	2,000	2,040	2,000	6,040
Community Impact Grant	2,500	-	-	2,500
Freedom Fest expenses	-	-	-	-
Miscellaneous	-	2,217	2,040	4,257
Total expenses	<u>\$ 611,149</u>	<u>\$ 17,288</u>	<u>\$ 18,549</u>	<u>\$ 646,986</u>
Total personnel costs and expenses before depreciation	<u>\$ 644,917</u>	<u>\$ 69,172</u>	<u>\$ 45,272</u>	<u>\$ 759,361</u>
Depreciation	663	663	663	1,989
Total expenses	<u>\$ 645,580</u>	<u>\$ 69,835</u>	<u>\$ 45,935</u>	<u>\$ 761,350</u>
Percentage of total expense	<u>84.8%</u>	<u>9.2%</u>	<u>6.0%</u>	<u>100.0%</u>

See notes to financial statements.

UNITED WAY OF THE KEARNEY AREA, INC.

STATEMENTS OF CASH FLOWS
For the years ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (97,402)	\$ (71,065)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,517	1,989
Fees on investments	1,101	893
Realized and unrealized gains on investments	(13,645)	(9,737)
PPP loan forgiveness	(25,300)	-
(Increase) decrease in other receivables	(41)	(32)
(Increase) decrease in prepaid expenses	(77)	146
(Increase) decrease in contributions receivable	6,211	(36,049)
Increase (decrease) in accounts payable	(193)	838
Increase (decrease) in accrued compensated absences	(5,726)	578
Increase (decrease) in accrued payroll	(1,636)	(4,484)
Increase (decrease) in accrued and other liabilities	(1,078)	2,992
Net cash provided by (used in) operating activities	\$ (136,269)	\$ (113,931)
CASH FLOWS FROM INVESTING ACTIVITIES		
Equipment purchased	\$ (2,242)	\$ -
Sale (purchase) of investments	-	(99)
Reinvested interest and dividends	(2,566)	(2,047)
Net cash provided by (used in) investing activities	\$ (4,808)	\$ (2,146)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan Proceeds	\$ -	\$ 25,300
Net cash provided by financing activities	\$ -	\$ 25,300
Net increase (decrease) in cash, cash equivalents, and restricted cash	\$ (141,077)	\$ (90,777)
Cash, Cash Equivalents, and Restricted Cash, beginning of year	354,521	445,298
Cash, Cash Equivalents, and Restricted Cash, end of year	\$ 213,444	\$ 354,521

UNITED WAY OF THE KEARNEY AREA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 1. **Summary of Significant Accounting Policies**

Nature of Activities:

The United Way of the Kearney Area, Inc. (the Organization) is a not-for-profit voluntary health and welfare agency established to increase the overall quality of life for those in the region. To accomplish its mission, the United Way of the Kearney Area, Inc. conducts fundraising campaigns and distributes resources to various agencies that are involved in providing human services throughout the Kearney area. The United Way of the Kearney Area, Inc.'s primary funding source is donor contributions.

Method of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

Financial Statement Presentation:

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958.205. Under ASC 958.205, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

Functional and Natural Expenses:

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities. In addition, these costs have been reported by nature and function in the Statements of Functional Expenses. Accordingly, certain costs have been allocated on a percentage basis among the programs and support services benefited based on either time and efforts of the staff or equally amongst the various functions.

Cash, Cash Equivalents, and Restricted Cash:

For purposes of the statement of cash flows, the United Way of the Kearney Area, Inc. considers all cash and other highly liquid investments with initial maturities of twelve months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to Kearney Area Disaster Recovery Group (KADRG) expenses are excluded from this definition.

UNITED WAY OF THE KEARNEY AREA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 1. **Summary of Significant Accounting Policies (continued)**

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the balance sheet that sum to the total of the same such amounts shown in the statements of cash flows.

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 208,433	\$ 259,467
Cash restricted for KADRG	<u>5,011</u>	<u>95,054</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 213,444</u>	<u>\$ 354,521</u>

Amounts included in restricted cash represent those required to be set aside by a contractual agreement with grantors for the purposes of the Kearney Area Disaster Recovery Group (KADRG). Funds can be used to support personnel and operating expenses related to long-term recovery. The restriction will lapse when all funds have been dispersed for disaster recovery projects.

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.

Contributed Materials and Services:

Contributed materials and services represent the estimated fair value of materials and general corporate services provided. Contributed materials amounted to \$2,928 in 2021 (with \$955 included in Freedom Fest, gross income) and \$2,215 in 2020 (with \$0 included in Freedom Fest, gross income). Contributed services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received either (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Advertising:

Advertising costs are expensed as incurred. Advertising expense was \$845 and \$831 for the years ending December 31, 2021 and 2020, respectively.

UNITED WAY OF THE KEARNEY AREA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 1. **Summary of Significant Accounting Policies (continued)**

Income Taxes:

The United Way of the Kearney Area, Inc. is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3) and therefore has made no provision for Federal income taxes. There was no unrelated business income for years ending December 31, 2021 and 2020.

Equipment:

Equipment is capitalized if it has a useful life of more than one year and a cost in excess of \$1,000. Equipment is stated at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets. Depreciation expense for the years ended December 31, 2021 and 2020, was \$1,517 and \$1,989 respectively.

Contributions:

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value.

New Accounting Pronouncements:

In February 2016, FASB issued ASU 2016-02, *Leases*. ASU 2016-02 requires entities to recognize all leased assets as assets on the statement of financial position. Entities will also be required to present additional disclosures regarding the nature and extent of leasing activities. ASU 2016-02 is effective for nonpublic business entities for the annual reporting period beginning after December 15, 2021. The requirements of this statement are effective for the Organization for the year ending December 31, 2022. The Organization has not evaluated the impact of this statement.

Revenue and Support With and Without Donor Restrictions:

The Organization follows the recommendations of the Financial Accounting Standards Board in its ASC 958.605. In accordance with this guidance, contributions and grants received are recorded as with or without restrictions depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restriction.

UNITED WAY OF THE KEARNEY AREA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 1. **Summary of Significant Accounting Policies (continued)**

Revenue from grants, and special programs is generally available as net assets without donor restrictions in the current year. Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, and would typically need to be purchased if not donated, are recorded at their fair values when received.

Revenue Recognition:

Revenue is primarily derived from donations, grants and special programs. Since the Organization's intent is to assist others through the use of these funding sources and not the donors themselves, the majority of these receipts have been deemed contributions and not exchange transactions and therefore recognized under FASB ASC Topic 958, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as an unconditional contribution to the Organization. In the instance when the Organization does receive a contribution which directly benefits the donor, revenue from this exchange transaction is recognized in accordance with FASB ASC Topic 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers.

In accordance with FASB ASC Topic 606, the Organization recognizes revenue from exchange transactions when it transfers promised products or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those products or services. The consideration received is generally based on the stand-alone fee for the products or service provided.

Note 2. **Cash and Investments**

The United Way of the Kearney Area, Inc. maintains cash balances at several financial institutions. The Federal Deposit Insurance Corporation insures accounts at each institution up to \$250,000. As of December 31, 2021, the United Way of the Kearney Area, Inc. did not have cash in excess of federally insured limits.

Cash and cash equivalents consist of the following at December 31, 2021:

Deposits at banks	\$ 213,344
Cash on hand	<u>100</u>
Total cash and cash equivalents	<u><u>\$ 213,444</u></u>

UNITED WAY OF THE KEARNEY AREA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 3. **Contributions Receivable**

Contributions receivable for 2021 consists of pledges for both the 2021 and the 2022 campaigns. A breakdown of the contributions receivable and the allowance for doubtful accounts is as follows:

	2021		
	Without Donor Restriction	With Donor Restrictions	Totals
Contributions Receivable	\$ 38,914	\$ 188,051	\$ 226,965
Allowance	(12,779)	(16,500)	(29,279)
Net	\$ 26,135	\$ 171,551	\$ 197,686
	2020		
	Without Donor Restriction	With Donor Restrictions	Totals
Contributions Receivable	\$ 51,239	\$ 199,692	\$ 250,931
Allowance	(24,734)	(22,300)	(47,034)
Net	\$ 26,505	\$ 177,392	\$ 203,897

Note 4. **SIMPLE Plan**

The United Way of the Kearney Area, Inc. started a Savings Incentive Match Plan for Employees (SIMPLE) plan for its employees on January 1, 2007. The employer agrees to provide matching contributions in each calendar year to the Individual Retirement Accounts (IRA's) of all eligible employees up to a limit of 3% of compensation for the year. Eligible employees are those who will receive at least \$5,000 in compensation for the calendar year and who received at least \$5,000 in compensation during the previous calendar year. Effective September of 2016, the plan was amended so eligible participants include all employees who have completed the probationary period. Contributions to the plan for the years ending December 31, 2021 and 2020, were \$2,415 and \$2,446 respectively.

UNITED WAY OF THE KEARNEY AREA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 5. **Long-term Debt**

During the year ended December 31, 2020, the United States and global markets experienced significant declines in value resulting from uncertainty caused by the world-wide coronavirus pandemic. To combat the negative effects and uncertainty caused by the coronavirus, the Organization obtained a loan through the U.S. Small Business Administration's (SBA) Paycheck Protection Program (PPP) in the amount of \$25,300. On February 5, 2021, the Organization received forgiveness for the full principal amount.

Note 6. **Leases**

On May 22, 2017, the United Way of the Kearney Area, Inc. entered into a lease for office space with Johnson Imperial Home Company for a term of one year (June 1, 2017 to May 31, 2018) with an annual rental cost of \$17,040 payable in monthly installments of \$1,420. Utilities are paid by Johnson Imperial Home Company. The United Way of the Kearney Area, Inc. is responsible for telephone expenses. The United Way of the Kearney Area, Inc. exercised the option to extend the lease agreement for three more years. The most recent lease extension expired on May 31, 2021.

On March 8, 2022 the Organization entered a two-year lease with Johnson Imperial Home Company commencing on April 1, 2022 and expiring on March 31, 2024. The installment terms are the same as the original lease. The organization made month-to-month payments of \$1,420 for the period not covered by a formal lease agreement (June 1, 2021 to March 31, 2022).

The following is a schedule of future lease payments:

<u>Year Ended 12/31</u>	<u>Lease Payment</u>
2022	\$ 17,040
2023	\$ 17,040
2024	\$ 4,260

Note 7. **Compensated Absences**

The Organization has entered into negotiated agreements with personnel. In those agreements they have agreed to benefits for paid time off. In accordance with accounting principles generally accepted in the United States of America these benefits are accrued until paid.

UNITED WAY OF THE KEARNEY AREA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 8. **Uncertain Tax Positions**

Accounting principles generally accepted in the United States of America require the Organization to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Organization is subject to routine audits by taxing jurisdictions; however there are currently no audits for any tax periods in progress. The Organization has open tax years subject to income tax examinations for the years ending December 31, 2019, 2020, and 2021.

The Organization's policy is to include penalties and interest associated with income taxes as income tax expense and interest expense respectively. The Organization did not incur any penalties or interest on income taxes for the periods being reported.

Note 9. **Net Assets Classifications**

Detail for the net assets classifications of with donor restrictions and without donor restrictions is as follows:

	<u>2021</u>	<u>2020</u>
With Donor Restrictions		
Endowment fund	\$ 1,000	\$ 1,000
Annual campaign	262,923	357,207
Disaster recovery	5,011	55,800
Head Start community garden	-	4,562
Strategic planning	-	3,000
	<u>\$268,934</u>	<u>\$421,569</u>
Without Donor Restrictions		
Board designated	\$ 140,000	\$ 140,000
Board designated endowment fund	45,000	45,000
Undesignated	65,172	9,939
	<u>\$250,172</u>	<u>\$194,939</u>

UNITED WAY OF THE KEARNEY AREA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 9. **Net Assets Classifications (continued)**

The net assets with donor restrictions consist of a donor restricted permanent endowment, donor restricted deferred income for the annual campaign, and donor restricted funds for disaster recovery, the Head Start community garden, and strategic planning. The net assets without donor restrictions consist of board designated funds for operations, a board designated endowment fund for the purpose of securing the United Way of the Kearney Area, Inc.'s long-term financial viability, and undesignated net assets for operations.

Note 10. **Endowment**

The Organization's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowments funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors has interpreted the Nebraska Uniform Prudent Management of Institutional Funds Act ("NUPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) any accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions is classified as net assets without donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by NUPMIFA. In accordance with NUPMIFA the Organization considers the following factors in making a determination to allocate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund;
- 2) The purposes of donor-restricted endowment fund;
- 3) General economic conditions;
- 4) The possible effect of inflation and deflation;

UNITED WAY OF THE KEARNEY AREA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 10. **Endowment (continued)**

- 5) The expected total return from income and the appreciation of investments;
- 6) Other resources of the Organization; and
- 7) The investment policies of the Organization

Endowment net asset composition by type of fund as of December 31 are as follows:

	2021		
	Without Donor Restrictions	With Donor Restriction	Totals
Board-designated endowment funds	\$ 45,000	\$ -	\$ 45,000
Donor-restricted endowment funds:			
Original donor restricted gift amount and amounts required to be maintained in perpetuity by donors	-	1,000	1,000
Accumulated investment gains	53,061	1,179	54,240
	\$ 98,061	\$ 2,179	\$ 100,240

	2020		
	Without Donor Restrictions	With Donor Restriction	Totals
Board-designated endowment funds	\$ 45,000	\$ -	\$ 45,000
Donor-restricted endowment funds:			
Original donor restricted gift amount and amounts required to be maintained in perpetuity by donors	-	1,000	1,000
Accumulated investment gains	39,530	878	40,408
	\$ 84,530	\$ 1,878	\$ 86,408

Changes in net asset composition by type of fund as of December 31 are as follows:

	2021		
	Without Donor Restrictions	With Donor Restriction	Totals
Endowment net assets, beginning of year	\$ 84,530	\$ 1,878	\$ 86,408
Earnings on long-term investments, net of fees	13,531	301	13,832
Endowment net assets, end of year	\$ 98,061	\$ 2,179	\$ 100,240

UNITED WAY OF THE KEARNEY AREA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 10. **Endowment (continued)**

	2020		
	Without Donor Restrictions	With Donor Restriction	Totals
Endowment net assets, beginning of year	\$ 74,722	\$ 1,660	\$ 76,382
Earnings on long-term investments, net of fees	9,808	218	10,026
Endowment net assets, end of year	\$ 84,530	\$ 1,878	\$ 86,408

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NUPMIFA requires the Organization to retain as a fund of perpetual duration (underwater endowment). At December 31, 2021, there were no funds with deficiencies reported in net assets with or without donor restrictions.

Investment Return Objectives, Risk Parameters and Strategies

The Kearney Area Community Foundation shall have sole discretion to carry out the purposes of the fund including, but not limited to, the power to retain, invest, and reinvest the fund in any manner within the prudent investor standards and the power to commingle the assets of the fund with those of other funds for investment purposes.

The Organization expects its endowment funds, over time, to provide a reasonable level of current income to support the spending policy authorized by the Board of Directors and to grow equity assets. Actual returns in any given year may vary from this amount

Spending Policy

It shall be the general policy of the Organization that the principal amount of the endowment will not be spent but will be held in perpetuity. The endowment will pay out only interest income or gains less fees on an annual basis back to the Organization. The amount of funds available annually for grant distribution shall be determined in accordance with the distribution policy of the Kearney Area Community Foundation. Distributions will be used solely for direct expenses, administrative costs and grant awards. For the years ended December 31, 2021 and 2020, no distributions were made from the endowment fund.

UNITED WAY OF THE KEARNEY AREA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 11. **Fair Value Measurements**

Professional standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes 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 under professional standards 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:

- (a) quoted prices for similar assets or liabilities in active markets;
- (b) quoted prices for identical or similar assets or liabilities in inactive markets;
- (c) inputs other than quoted prices that are observable for the asset or liability; and
- (d) 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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

Funds held at foundations: Fair value in the instance of the Phelps County Community Foundation and the Kearney Area Community Foundation funds is the representation of the foundations and is considered a Level 3 method.

UNITED WAY OF THE KEARNEY AREA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 11. **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 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 table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2021 and 2020:

Assets at Fair Value as of December 31, 2021				
	Level 1	Level 2	Level 3	Totals
Funds held by foundations	\$ -	\$ -	\$ 113,025	\$ 113,025
Assets at Fair Value as of December 31, 2020				
	Level 1	Level 2	Level 3	Totals
Funds held by foundations	\$ -	\$ -	\$ 97,915	\$ 97,915

Note 12. **Related Party Transactions**

The Organization engaged in several related party transactions. First, one of the Organization's board members also serves on the board for the Collage Center, a partner agency of the Organization. The Organization paid the Collage Center \$10,139 in funding allocations during the year ended December 31, 2021. Another related party transaction was with a board member whose sister serves as the director of Kearney/Buffalo County CASA. The Organization paid Kearney/Buffalo County CASA \$5,588 in funding allocations during the year ended December 31, 2021. The last related party transaction was with the Organization's Executive Director and her husband's business entity, RockIt Event Pros. The organization paid RockIt Event Pros \$12,650 for services related to Freedom Fest in the year ended December 31, 2021.

UNITED WAY OF THE KEARNEY AREA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 13. **Liquidity**

Financial assets available for general expenditure within one year are as follows as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Cash	\$ 213,444	\$ 354,521
Funds held at foundations	113,025	97,915
Less: donor restricted funds	<u>(6,011)</u>	<u>(64,361)</u>
Total	<u>\$ 320,458</u>	<u>\$ 388,075</u>

As a part of its liquidity management, the Organization has a goal to maintain financial assets on hand to meet 3 months of normal operation expenses, which would be approximately \$114,778 based on the expenses at December 31, 2021. The Organization's goal is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization does not have a line of credit to assist with liquidity management.

Note 14. **Subsequent Events**

We have evaluated subsequent events through August 3, 2022, the date that the financial statements were issued or available to be issued.

Subsequent to year-end, the United States and global markets continue to experience significant fluctuations in value resulting from uncertainty caused by the world-wide coronavirus pandemic. United Way of the Kearney Area is closely monitoring our investment portfolio and its liquidity and are actively working to minimize the impact of these declines. Our financial statements do not include adjustments to fair value that have resulted from these declines.