

UNITED WAY OF NORTHERN NEVADA AND THE SIERRA

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

The logo consists of a dark blue square with a white border. Inside the square, the letters "HRC" are written in a white, bold, sans-serif font.

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UNITED WAY OF NORTHERN NEVADA AND THE SIERRA

JUNE 30, 2023 AND 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Northern Nevada and the Sierra
Reno, Nevada

Opinion

We have audited the accompanying financial statements of United Way of Northern Nevada and the Sierra (a nonprofit organization), 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 financial statements referred to above present fairly, in all material respects, the financial position of United Way of Northern Nevada and the Sierra 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. 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 Northern Nevada and the Sierra 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.

Prior Period Financial Statements

The financial statements of United Way of Northern Nevada and the Sierra were audited by other auditors whose report dated December 15, 2022 expressed an unmodified opinion on those statements.

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 Northern Nevada and the Sierra's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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.

Houldsworth, Russo & Company, P.C.

Reno, Nevada
November 17, 2023

UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 49,857	\$ 133,922
Cash and cash equivalents, with donor restrictions	26,000	-
Grants receivable	2,743,773	398,620
Pledges receivable, net of allowance	183,450	230,802
Prepaid expenses	25,135	21,223
Total current assets	<u>3,028,215</u>	<u>784,567</u>
OTHER ASSETS		
Property and equipment, net	36,746	48,765
Endowment investments held in cash	19,409	148,462
Investments held for endowments	371,561	233,587
Operating lease right-of-use assets	264,357	-
Total other assets	<u>692,073</u>	<u>430,814</u>
Total assets	<u>\$ 3,720,288</u>	<u>\$ 1,215,381</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 21,767	\$ 9,992
Program accounts payable	270,754	251,124
Accrued compensated absences and payroll related expenses	27,318	23,045
Due to donor designated agencies, net of allowance	84,773	104,316
Operating lease liabilities	69,015	-
	<u>473,627</u>	<u>388,477</u>
OTHER LIABILITIES		
Operating lease liabilities, net of current	199,148	-
Total liabilities	<u>672,775</u>	<u>388,477</u>
NET ASSETS		
Without donor restrictions		
Invested in property and equipment	36,746	48,765
Board designated endowment for reserves	228,416	226,393
Operating, undesignated	193,797	389,946
Total net assets without donor restrictions	<u>458,959</u>	<u>665,104</u>
With donor restrictions		
Time-restricted for future periods or purposes	2,400,000	6,145
Purpose restrictions	89,385	56,486
Perpetual in nature	99,169	99,169
Total net assets with donor restrictions	<u>2,588,554</u>	<u>161,800</u>
Total net assets	<u>3,047,513</u>	<u>826,904</u>
Total liabilities and net assets	<u>\$ 3,720,288</u>	<u>\$ 1,215,381</u>

See accompanying notes to financial statements

UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support, revenue, and gains (losses)				
Current campaign contributions				
Contributions	\$ 705,430	\$ -	\$ 705,430	\$ 873,900
Less donor designations	(205,197)	-	(205,197)	(324,655)
Total campaign results for current period	500,233	-	500,233	549,245
Allowance for uncollectible pledges	(45,931)	-	(45,931)	(8,349)
Total campaign revenue	454,302	-	454,302	540,896
Federal grants	181,921	-	181,921	5,883
State and local grants	1,434,832	2,426,000	3,860,832	1,281,487
In-kind contributions	26,792	-	26,792	20,609
Investment return, net	3,067	6,899	9,966	(23,831)
Employee Retention Credit income	-	-	-	174,301
Other income	9,808	-	9,808	12,370
Net assets released from restrictions	6,145	(6,145)	-	-
Total support, revenue, and gains (losses)	2,116,867	2,426,754	4,543,621	2,011,715
Expenses:				
Program services:				
Education engagement	1,440,963	-	1,440,963	932,576
Community impact giving	594,833	-	594,833	821,595
Supporting services:				
Accountability operations	116,660	-	116,660	113,791
Resource development	170,556	-	170,556	129,277
	2,323,012	-	2,323,012	1,997,239
Change in net assets	(206,145)	2,426,754	2,220,609	14,476
Net assets, beginning of year	665,104	161,800	826,904	812,428
Net assets, end of year	\$ 458,959	\$ 2,588,554	\$ 3,047,513	\$ 826,904

See accompanying notes to financial statements

UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

	2023						2022
	Program Services			Supporting Services			Total
	Education Engagement	Community Impact Giving	Program Total	Accountability Operations	Resource Development	Total	
Salaries	\$ 173,577	\$ 396,103	\$ 569,680	\$ 46,398	\$ 64,282	\$ 680,360	\$ 652,748
Payroll taxes	13,019	29,842	42,861	3,197	4,765	50,823	49,009
Employee benefits	11,115	20,227	31,342	7,044	6,759	45,145	54,814
Retirement benefits	7,736	10,144	17,880	2,851	4,807	25,538	36,440
Total salaries and related expenses	205,447	456,316	661,763	59,490	80,613	801,866	793,011
Community impact projects	1,151,653	50,868	1,202,521	-	-	1,202,521	932,576
Contract services	10,005	21,908	31,913	19,744	10,639	62,296	45,495
Depreciation	-	-	-	9,319	-	9,319	5,609
Insurance	949	2,812	3,761	653	1,366	5,780	5,781
Marketing	4,515	1,135	5,650	4,045	149	9,844	23,549
Membership dues	705	2,164	2,869	4,324	871	8,064	7,899
Miscellaneous	17	5	22	435	7,687	8,144	3,281
National dues	2,685	7,957	10,642	1,866	3,864	16,372	16,837
Occupancy	19,782	35,961	55,743	7,542	15,614	78,899	83,386
Rental and maintenance	1,500	4,256	5,756	1,042	2,158	8,956	21,439
Software	802	1,983	2,785	932	19,961	23,678	10,108
Supplies	15,552	4,349	19,901	1,269	4,783	25,953	27,845
Training and conference	12,983	1,798	14,781	2,649	20,541	37,971	11,418
Travel	14,368	3,321	17,689	3,350	2,310	23,349	9,005
Total expenses	\$ 1,440,963	\$ 594,833	\$ 2,035,796	\$ 116,660	\$ 170,556	\$ 2,323,012	\$ 1,997,239

See accompanying notes to financial statements

UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
STATEMENT OF CASH FLOWS
YEAR 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		
Change in net assets	\$ 2,220,609	\$ 14,476
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	9,319	5,609
Loss on disposal of asset	2,700	-
Unrealized (gain)/loss on investments	(2,818)	25,260
Amortization of right of use asset	69,593	-
Change in allowance for uncollectible pledges	(115,622)	(4,014)
Change in allowance on due to donor designated agencies	(8,975)	(50,997)
(Increase) decrease in operating assets:		
Grants receivable	(2,345,153)	(398,620)
Pledges receivable	162,974	109,214
Prepaid expenses	(3,912)	(6,249)
Increase (decrease) in operating liabilities:		
Accounts payable	11,775	2,379
Program accounts payable	19,630	251,124
Accrued compensated absences and payroll related expenses	4,273	(19,996)
Due to donor designated agencies	(10,568)	38,673
Operating lease liabilities	(65,787)	-
Net cash used in operating activities	<u>(51,962)</u>	<u>(33,141)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(25,612)
Sales of investments	2,017	-
Purchases of investments	(8,120)	(102,373)
Net cash used in investing activities	<u>(6,103)</u>	<u>(127,985)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(58,065)	(161,126)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>133,922</u>	<u>295,048</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 75,857</u>	<u>\$ 133,922</u>
SUMMARY OF CASH ACCOUNTS		
Cash and cash equivalents	\$ 49,857	\$ 133,922
Cash and cash equivalents, with donor restrictions	26,000	-
	<u>\$ 75,857</u>	<u>\$ 133,922</u>
SUPPLEMENTAL DISCLOSURE		
Operating lease right-of-use assets obtained for operating lease liabilities	<u>\$ 333,950</u>	<u>\$ -</u>

See accompanying notes to financial statements

**UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principal Activities – United Way of Northern Nevada and the Sierra (UWNNS) was incorporated in 1961 as a nonprofit corporation in the state of Nevada. UWNNS develops and distributes resources to address human service needs in Northern Nevada and the Lake Tahoe Basin. UWNNS also assesses, on a continuing basis, the community needs for human service programs and deploys financial support so as to maximize resources available to services aimed at the needs of the community.

Education engagement includes the Nevada Ready! State Pre-K program, which provides 4-year-old children with a high-quality preschool education at no cost to their families, United Readers program, which provides in-school mentorship to kindergarten through third graders focusing on reading fluency skills, and the Northern Nevada Reading Coalition, which collaborates with local literacy-focused organizations to support grade-level reading by the end of third grade.

Community impact giving includes attendance awareness, which encourages families to establish good habits for their children that will set the stage for their futures and the emergency food and shelter program, which collaborates with local community organizations to ensure families and individuals have their basic needs met.

Comparative Financial Information – The accompanying 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 accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the UWNNS's audited financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Basis 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 and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation – UWNNS presents its financial statements in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Under the FASB ASC, UWNNS is required to report information regarding its financial position and changes in financial position according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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.

Cash and Cash Equivalents – Cash and cash equivalents include general checking accounts. For purposes of the statement of cash flows, UWNNS considers all highly liquid investments purchased with original maturities of three 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 endowments that are perpetual in nature, or other long-term purpose are excluded from this definition.

**UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments – Investments consist of exchange traded funds that are valued at their fair values in the statement of financial position. Net appreciation or depreciation in the fair value of investments, which consists of realized and unrealized gains or losses on these investments, are reflected in the statement of activities.

Grants Receivable – Grants receivable include grant funds, which have eligible expenses but have not yet been reimbursed at year-end. At June 30, 2023, grants receivable also included \$2,400,000 in funding from the state of Nevada, which is considered an unconditional promise to give. Grants receivable are considered fully collectible by management; therefore, no allowance for doubtful accounts is included in the financial statements.

Contributions and Pledges Receivable – UWNNS conducts an annual fundraising campaign between March 1 and February 28 to raise support for allocation to participating agencies in the subsequent year. Contributions are recognized when the donor makes an unconditional promise to give to UWNNS.

All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported in the net asset class with donor restrictions.

When a donor-stipulated time restriction ends, or a purpose restriction is accomplished, the restricted net assets are reclassified to the net asset class without donor restrictions net assets and are reported in the statement of activities as net assets released from restriction.

The UWNNS campaign allows for both corporate designations and individual designations to fields of service in addition to the traditional designations to specific agencies or organizations. All agencies are required to provide UWNNS with documentation of tax-exempt status and compliance with anti-terrorism legislation. Donor designations to specific agencies are not included as revenue or allocations in the accompanying statement of activities. Designations raised from donors in each campaign are recorded as a liability. Designations eventually paid are net of fundraising and administrative costs charged, if applicable.

Designations are recorded based on pledges that will be received directly by UWNNS and also by third-party processors. The third-party processors will pay the designations directly to the appropriate agencies designated. During the year ended June 30, 2023, UWNNS donor designated gifts totaled \$205,197 of which \$89,961 was paid by UWNNS. During the year ended June 30, 2022, UWNNS donor designated gifts totaled \$324,655, of which \$240,951 was paid by UWNNS.

Donors typically pay total pledges in installments within a twelve-month period. The commencement date of payments will vary among donors. Pledges, therefore, are usually collected within an 18-month cycle (campaign collection cycle). Pledges receivable that are expected to be collected within the campaign collection cycle are recorded at their net realizable value. Pledges receivable collected after the expected period are recorded as net cash flow if material. Conditional promises to give are not included as support until such time as the conditions are substantially met and both the timing and the value of the promise are known with reasonable certainty.

**UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Pledges Receivable (continued) – An allowance for uncollectible pledges relating to annual campaigns has been provided based on prior years’ experience and expectations of management as to collectability. Campaign pledges prior to the 2021-2022 campaign have been deemed uncollectible and reserved accordingly. However, if any campaign pledges prior to the 2021-2022 campaign are collected, they will be recorded as income in the year received.

Property and Equipment – Property and equipment are recorded at cost or fair market value, if donated. Depreciation is calculated based on the estimated service lives of assets from five to thirty-seven years on a straight-line basis. UWNNS’s capitalization policy requires individual assets with an estimated useful life beyond one year to be capitalized if the original cost or fair value at the date of donation exceeds \$1,000.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2023 and 2022, respectively.

Compensated Absences – UWNNS’s policy is to provide for the accumulation of up to 80 hours earned vacation leave which is fully vested when earned. UWNNS recognizes the expenses and liability for compensated absences as the leave is earned. Sick days and other accumulated paid absences are not vested, and therefore, UWNNS recognizes the costs for sick days and other absences when paid.

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated a board-designated endowment from net assets without donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. UWNNS reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Asset Designations – The members of the Board of Directors have designated reserve funds of \$228,416 and \$226,393 at June 30, 2023 and 2022, respectively. The Board members, at their discretion, can revise the intended use of net assets as they deem necessary.

UWNNS has \$36,746 and \$48,765 invested in property and equipment at June 30, 2023 and 2022, respectively.

Revenue and Revenue Recognition – UWNNS recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. 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.

Contributed Materials and Services – Contributed materials are reflected as contributions in the accompanying financial statements at their estimated values at the date of receipt. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

A substantial number of volunteers have donated a significant amount of services. The services donated do not meet the criteria for recognition as defined above. Accordingly, the financial statements do not reflect the value of these services. UWNNS's annual fund-raising campaigns are significantly dependent upon the support provided by volunteers. Such volunteers provided approximately 593 hours of direct services during the fiscal year. The value of these volunteer services is estimated to be \$31.80 per hour, based upon an independent hourly rate estimate from the Independent Sector for the State of Nevada. If these services were included, revenue and program expenses would increase by approximately \$18,857.

Advertising – UWNNS expenses all advertising costs as they are incurred.

Income Taxes – UWNNS is organized as a Nevada nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been determined not to be a private foundation. UWNNS is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, UWNNS is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. UWNNS determined that the entity is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that UWNNS has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. UWNNS would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

**UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses – The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related expenses, insurance, marketing, occupancy, and supplies based upon time and effort.

New Accounting Pronouncements – In February 2016, the FASB issued ASC 842, *Leases*, to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

UWNNS adopted the standard effective July 1, 2022 and recognized and measured leases existing at, or entered into after, July 1, 2022 using a modified retrospective approach, with certain practical expedients available.

UWNNS elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, UWNNS recognized on July 1, 2022 lease liabilities of \$333,950, which represents the present value of the remaining operating lease payments of \$356,601, discounted using a risk-free interest rate, and right-of-use assets of \$333,950.

The standard had a material impact on UWNNS's statement of financial position and statement of cash flows as of and for the year ended June 30, 2023, but did not have an impact on the statement of activities. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

**UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases – UWNNS leases office space and a copier for which a determination of whether an arrangement is a lease is made at inception. Operating leases are included as operating lease ROU assets and operating lease liabilities on the statement of financial position.

ROU assets represent the Organization’s right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As UWNNS’s leases do not provide an implicit rate, a risk-free rate based on the information available at commencement date is utilized in determining the present value of lease payments. Lease terms may include options to extend or terminate the lease when it is reasonably certain that UWNNS will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. UWNNS’s lease agreements do not contain material residual value guarantees or material restrictive covenants.

Date of Management’s Review – Subsequent events have been evaluated through November 17, 2023 which is the date the financial statements were available to be issued.

NOTE 2. INFORMATION REGARDING LIQUIDITY AND AVAILABILITY

UWNNS 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. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the financial statement date, comprise the following at June 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 49,857	\$ 133,922
Grants receivable	343,773	398,620
Pledges receivable, net of allowance	<u>183,450</u>	<u>230,802</u>
	<u>\$ 577,080</u>	<u>\$ 763,344</u>

As part of UWNNS’s liquidity management plan, they may invest cash in excess of daily requirements in short-term investments, certificates of deposit, and money market funds.

**UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date. The fair value of money market funds and ETFs are based on quoted market prices when available.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3: Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

The fair value of investments at June 30, 2023 was as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange traded funds	\$ <u>371,561</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>371,561</u>

The fair value of investments at June 30, 2022 was as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange traded funds	\$ <u>233,587</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>233,587</u>

Gains and losses (realized and unrealized), interest and dividend income, and investment fees are reported investment return, net in the statement of activities.

UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 4. PLEDGES RECEIVABLE

The following unconditional promises to give are included in pledges receivable at June 30:

	<u>2023</u>	<u>2022</u>
2019-2020 Campaign	\$ -	\$ 71,968
2020-2021 Campaign	-	74,313
2021-2022 Campaign	49,392	297,645
2022-2023 Campaign	<u>231,560</u>	<u>-</u>
	280,952	443,926
Less: allowance for uncollectible accounts	<u>(97,502)</u>	<u>(213,124)</u>
Pledge receivable, net of allowance	<u>\$ 183,450</u>	<u>\$ 230,802</u>

The balance of the net pledges receivable from the current campaigns would be expected to be received over eleven months from the date of the statement of financial position. The balance of the net pledges receivable from the future campaigns would be expected to be received over twenty-three months from the date of the statement of financial position.

Pledges receivable are unsecured and concentrated throughout northern Nevada and the surrounding areas. The ability to collect these pledges may be dependent on economic conditions. Management closely monitors the collection history of large companies and large employee-based pledges as they represent a significant percent of the pledges receivable at June 30, 2023.

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 25,432	\$ 25,432
Equipment	28,805	28,805
Office furniture and fixtures	53,368	53,368
Trademark	<u>-</u>	<u>2,700</u>
	107,605	110,305
Less: accumulated depreciation	<u>(70,859)</u>	<u>(61,540)</u>
Property and equipment, net	<u>\$ 36,746</u>	<u>\$ 48,765</u>

**UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes and periods at June 30:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specific purposes:		
Ride United	\$ 26,000	\$ -
Subject to passage of time:		
Unconditional promise to give	2,400,000	6,145
Endowment:		
Subject to endowment spending policy and appropriation	63,385	56,486
Perpetual in nature, earnings from which are subject to endowment spending policy appropriations	<u>99,169</u>	<u>99,169</u>
	<u>\$ 2,588,554</u>	<u>\$ 161,800</u>

Net assets with donor restrictions are held in the assets as follows at June 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 26,000	\$ -
Pledges receivable	-	6,145
Grants receivable	2,400,000	-
Investments	<u>162,554</u>	<u>155,655</u>
	<u>\$ 2,588,554</u>	<u>\$ 161,800</u>

NOTE 7. ENDOWMENTS

UWNNS receives certain contributions from fundraising efforts to an endowment fund to be held in perpetuity. The principal is restricted and may not be expended for operations or programs, nor can it be used as a loan fund to UWNNS or any partner agencies. The principal shall be invested in accordance with the investment objectives, providing for a balanced total return with capital preservation. It is the intent to have the operating costs of UWNNS paid by the investment earnings. When that goal is achieved, all of the campaign proceeds (pledges) will be distributed 100% to programs meeting community needs.

In addition, UWNNS has funds designated by the Board of Directors to function as endowments. Such endowments are established for a variety of purposes related to UWNNS's operations and collections.

As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported as net assets without donor restrictions and with donor restriction based solely on the absence or existence of donor-imposed restrictions.

**UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 7. ENDOWMENTS (CONTINUED)

UWNNS's endowment funds consist of the following assets at June 30:

	<u>2023</u>	<u>2022</u>
Cash	\$ 19,409	\$ 148,462
Investments	<u>371,561</u>	<u>233,587</u>
	<u>\$ 390,970</u>	<u>\$ 382,049</u>

The following is a summary of the changes in endowment fund net assets for the year ended June 30, 2023:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 226,394	\$ 155,655	\$ 382,049
Investment return, net	<u>2,022</u>	<u>6,899</u>	<u>8,921</u>
Endowment net assets, end of year	<u>\$ 228,416</u>	<u>\$ 162,554</u>	<u>\$ 390,970</u>

The following is a summary of the changes in endowment fund net assets for the year ended June 30, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 133,729	\$ 171,208	\$ 304,937
Contributions	98,350	4,023	102,373
Investment return, net	<u>(5,685)</u>	<u>(19,576)</u>	<u>(25,261)</u>
Endowment net assets, end of year	<u>\$ 226,394</u>	<u>\$ 155,655</u>	<u>\$ 382,049</u>

Interpretation of Relevant Law – In the absence of explicit donor stipulations to the contrary, the Prudent Management of Institutional Funds Act (Uniform Act) as set forth in Chapter 164 of the Nevada Revised Statutes requires the preservation of the fair value of the gift as of the gift date for net assets with donor restrictions.

As a result of this interpretation, UWNNS classifies as net assets with donor restrictions to be held in perpetuity (a) the original value of gifts donated to the endowment held in perpetuity, (b) the original value of subsequent gifts to the endowment held in perpetuity, and (c) accumulations to the endowment to be held in perpetuity 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 in net assets with donor restrictions is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by UWNNS in a manner consistent with the standard of prudence described in Uniform Act.

**UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 7. ENDOWMENTS (CONTINUED)

Interpretation of Relevant Law (continued) – UWNNS takes into consideration the following factors in its determination to appropriate or accumulate donor-restricted endowment funds in accordance with Uniform Act:

- The duration and preservation of the fund
- The purposes of UWNNS and the donor-restricted endowment funds
- General economic conditions, including the possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of UWNNS
- 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 Uniform Act requires to be retained as perpetual fund. Such deficiencies are reflected as decreases in without donor restrictions or with donor restricted net assets for the period.

Return Objectives and Risk Parameters – The investment policy includes the review of funds to include short-term, intermediate and long-term objectives. The short-term objectives will emphasize liquidity and safety; the intermediate objectives will emphasize capital preservation; and the long-term objectives will balance total return with capital preservation.

Strategies Employed for Achieving Objectives – To satisfy its long-term rate of return objectives, UWNNS 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). UWNNS targets a diversified asset allocation plan within prudent risk constraints. The Finance Committee of the Board of Directors reviews this plan periodically with its investment advisors.

Spending Policy and How the Investment Objectives Relate to the Spending Policy – The designated funds have been set aside for future purposes and will be spent at a time the Board deems necessary for the purpose as originally designated.

NOTE 8. RETIREMENT PLAN

UWNNS contributes to the Fidelity Simplified Employee Pension Plan Individual Retirement Account, which covers substantially all employees. Contributions by UWNNS are fully vested to the employees on the contribution date. For the years ended June 30, 2023 and 2022, UWNNS contributed \$25,538 and \$36,440, respectively.

NOTE 9. OPERATING LEASES

UWNNS leases a copier under agreements for \$299 per month which expires in May 2027. In addition, UWNNS leases office space for \$5,772 per month, with an annual 3% increase, which expires in January 2027.

The weighted average risk free interest rates for the leases is 2.88%. The weighted average remaining lease term for the leases is 3.6 years.

**UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 9. OPERATING LEASES (CONTINUED)

Future minimum rental payments on the above noncancelable operating leases as of June 30:

2024	\$	75,840
2025		78,007
2026		80,239
2027		<u>48,779</u>
		282,865
Less: imputed interest		<u>(14,702)</u>
Operating lease liabilities	\$	<u>268,163</u>

Total expenses under operating leases were \$77,872 and \$89,016 during the years ended June 30, 2023 and 2022, respectively.

NOTE 10. IN-KIND CONTRIBUTIONS

In-kind contributions include the following at June 30:

	<u>2023</u>	<u>2022</u>
Media	\$ 800	\$ 14,612
Books	10,000	1,797
Painting	-	150
Gift cards	-	50
Photography	-	1,000
Bikes	1,000	-
Donated auction items	<u>14,992</u>	<u>3,000</u>
	<u>\$ 26,792</u>	<u>\$ 20,609</u>

Contributed media, painting and photography are provided by specially trained professionals who assist on various needs. Contributed professional services are used in program services and are recognized at fair value based on current rates for similar professional services.

Contributed books, bikes, and gift cards are valued using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a “like-kind” methodology considering the goods’ condition and utility for use at the time of the contribution. Contributed books, bikes, and gift cards are used in program services.

All gifts-in-kind received during the years ended June 30, 2023 and 2022 were unrestricted.

NOTE 11. CONCENTRATION OF CREDIT RISK

UWNNS’s cash balances are maintained in two financial institutions in which the bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2023 and 2022, respectively, UWNNS’s bank balances did not exceed FDIC limits.

**UNITED WAY OF NORTHERN NEVADA AND THE SIERRA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 12. SELF-INSURED STATE UNEMPLOYMENT TAX

UWNNS is self-insured for state unemployment tax and participates in the 501(c) Agencies Trust (Trust). The annual deposits required for the program years ending June 30, 2023 and 2022 were \$4,493 and \$0, respectively. The Trust seeks to reduce the loss that may occur and maintains reinsurance for claims in excess of approximately \$10,000. The fact that the Trust maintains excess insurance does not change the fact that the primary liability for unemployment remains with UWNNS. UWNNS has \$15,137 and \$10,251 at June 30, 2023 and 2022, respectively, in trust reserve to cover the liability and this amount is reflected as prepaid expenses in the accompanying financial statements.

NOTE 13. EMPLOYEE RETENTION CREDIT

The Coronavirus Aid, Relief, and Economic Security Act provided an employee retention credit (the credit) which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The credit is equal to 50% of qualified wages paid to employees, capped at \$10,000 of qualified wages through December 31, 2020. The Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021 expanded the availability of the credit, extended the credit through September 30, 2021, and increased the credit to 70% of qualified wages, capped at \$7,000 per employee per quarter. As a result of the changes to the credit, the maximum credit per employee increased from \$10,000 in 2020 to \$21,000 in 2021. During the year ended June 30, 2022, UWNNS recorded a \$174,301 benefit related to the credit which is presented in the statement of activities as Employee Retention Credit income.

UWNNS has elected to account for the credits by applying FASB ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*. Under this method, UWNNS records contribution revenue when the contribution is deemed to be unconditional, that is when there is no longer a measurable performance or other barrier and a right of return or release from obligation to pay the contribution. Management has determined that the contribution is unconditional.