

**United Way of Yellowstone County, Inc.**  
Billings, Montana

FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITORS' REPORT

**June 30, 2024 and 2023**



K C O E  
I S O M

# United Way of Yellowstone County, Inc.

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
United Way of Yellowstone County, Inc.  
Billings, Montana

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

#### ***Opinion***

We have audited the financial statements of United Way of Yellowstone County, Inc., a nonprofit organization (the Organization), which comprise the statements of financial position as of June 30, 2024 and 2023; 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 the Organization as of June 30, 2024 and 2023, 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 (GAAP).

#### ***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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## INDEPENDENT AUDITORS' REPORT

(Continued)

### ***Auditors' 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 auditors' 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 the Organization'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 the Organization'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.

*KCoe Jam, LLP*

November 21, 2024  
Missoula, Montana

# United Way of Yellowstone County, Inc.

## STATEMENTS OF FINANCIAL POSITION

June 30	2024	2023
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 725,704	\$ 868,385
Pledges receivable - net of allowance for uncollectible pledges of \$30,000	40,352	50,306
Grants receivable	70,650	66,475
Other receivables	15,980	5,968
Prepaid expenses	40,094	25,473
<b>Total Current Assets</b>	<b>892,780</b>	<b>1,016,607</b>
<b>Other Assets</b>		
Other investments	2,555,363	-
Endowment investments	2,150,274	1,912,007
Restricted cash	29,152	26,051
Cash surrender value of life insurance	24,208	23,508
Finance lease right-of-use asset	9,552	9,552
<b>Total Other Assets</b>	<b>4,768,549</b>	<b>1,971,118</b>
<b>Property and Equipment</b>		
Land	342,047	342,047
Furniture and equipment	84,534	81,439
Buildings and improvements	1,161,105	1,131,593
<b>Subtotals</b>	<b>1,587,686</b>	<b>1,555,079</b>
Accumulated depreciation	(420,863)	(386,272)
<b>Property and Equipment - Net</b>	<b>1,166,823</b>	<b>1,168,807</b>
<b>TOTAL ASSETS</b>	<b>\$ 6,828,152</b>	<b>\$ 4,156,532</b>

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

**United Way of Yellowstone County, Inc.**

## STATEMENTS OF FINANCIAL POSITION

(Continued)

June 30	2024	2023
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 67,890	\$ 65,057
Accrued expenses	65,646	59,587
Deferred revenue	29,152	25,000
Funds held	50,720	956
Current portion of long-term debt	52,094	50,229
Current portion of finance lease obligation	1,978	1,901
<b>Total Current Liabilities</b>	<b>267,480</b>	<b>202,730</b>
<b>Long-Term Liabilities</b>		
Planned gift liabilities	20,160	19,468
Finance lease obligations - less current portion	5,673	7,651
Long-term debt - less current portion and unamortized debt issuance costs	447,760	499,100
<b>Total Long-Term Liabilities</b>	<b>473,593</b>	<b>526,219</b>
<b>Total Liabilities</b>	<b>741,073</b>	<b>728,949</b>
<b>Net Assets</b>		
Without donor restrictions:		
Undesignated	1,996,816	1,940,327
Board designated	930,164	955,624
With donor restrictions	3,160,099	531,632
<b>Total Net Assets</b>	<b>6,087,079</b>	<b>3,427,583</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 6,828,152</b>	<b>\$ 4,156,532</b>

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

# United Way of Yellowstone County, Inc.

## STATEMENTS OF ACTIVITIES

Year Ended June 30, 2024	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains, and Other Support</b>			
Campaign pledge contributions	\$ 768,038	\$ -	\$ 768,038
Grants	721,147	2,560,000	3,281,147
CARE Academy income - net of tuition assistance of \$74,278	821,355	-	821,355
Net investment income	280,139	55,659	335,798
Endowment donations	-	13,500	13,500
Change in value of split-interest agreements	-	(692)	(692)
Other	14,583	-	14,583
<b>Total Revenues, Gains, and Other Support</b>	<b>2,605,262</b>	<b>2,628,467</b>	<b>5,233,729</b>
<b>Total Revenues, Gains, and Other Support</b>	<b>2,605,262</b>	<b>2,628,467</b>	<b>5,233,729</b>
<b>Expenses</b>			
Program services:			
Community response	2,185,747	-	2,185,747
Support services:			
Management and general	181,411	-	181,411
Fundraising	207,075	-	207,075
<b>Total Expenses</b>	<b>2,574,233</b>	<b>-</b>	<b>2,574,233</b>
<b>Change in Net Assets</b>	<b>31,029</b>	<b>2,628,467</b>	<b>2,659,496</b>
<b>Net Assets - Beginning of Year</b>	<b>2,895,951</b>	<b>531,632</b>	<b>3,427,583</b>
<b>Net Assets - End of Year</b>	<b>\$ 2,926,980</b>	<b>\$ 3,160,099</b>	<b>\$ 6,087,079</b>

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

**United Way of Yellowstone County, Inc.**

## STATEMENTS OF ACTIVITIES

(Continued)

Year Ended June 30, 2023	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, Gains, and Other Support</b>			
Campaign pledge contributions	\$ 588,836	\$ -	\$ 588,836
Grants	997,021	-	997,021
CARE Academy income - net of tuition assistance of \$71,582	811,040	-	811,040
Net investment income	191,466	-	191,466
Endowment donations	-	15,000	15,000
Change in value of split-interest agreements	-	(1,886)	(1,886)
Other	16,337	-	16,337
<b>Total Revenues and Gains</b>	<b>2,604,700</b>	<b>13,114</b>	<b>2,617,814</b>
Net assets released from restrictions	5,842	(5,842)	-
<b>Total Revenues, Gains, and Other Support</b>	<b>2,610,542</b>	<b>7,272</b>	<b>2,617,814</b>
<b>Expenses</b>			
Program services:			
Community response	2,180,260	-	2,180,260
Support services:			
Management and general	118,503	-	118,503
Fundraising	153,486	-	153,486
<b>Total Expenses</b>	<b>2,452,249</b>	<b>-</b>	<b>2,452,249</b>
<b>Change in Net Assets</b>	<b>158,293</b>	<b>7,272</b>	<b>165,565</b>
<b>Net Assets - Beginning of Year</b>	<b>2,737,658</b>	<b>524,360</b>	<b>3,262,018</b>
<b>Net Assets - End of Year</b>	<b>\$ 2,895,951</b>	<b>\$ 531,632</b>	<b>\$ 3,427,583</b>

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



**United Way of Yellowstone County, Inc.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

Year Ended June 30, 2024	Program Services		Support Services			Total
	Community Response	Management and General	Fundraising	Support Services Total		
Agency allocations	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ 250,000
Bank service charges	16,368	1,024	-	-	1,024	17,392
Best Beginnings	1,250	-	-	-	-	1,250
CARE Academy expense	170,100	-	-	-	-	170,100
Communications	13,484	13,979	27,574	41,553	-	55,037
Community resource center	55,967	-	-	-	-	55,967
Community Solution Emergency	1,000	-	-	-	-	1,000
Continuum of care	135,509	-	-	-	-	135,509
Depreciation and amortization	24,214	6,918	3,459	10,377	-	34,591
Dues and subscriptions	2,010	-	-	-	-	2,010
Emergency Food and Shelter Program expense	45,000	-	-	-	-	45,000
Early Childhood	19,789	-	-	-	-	19,789
Employee benefits	208,622	27,158	37,158	64,316	-	272,938
Fees	85	2,116	248	2,364	-	2,449
Graduation Matters	200	-	-	-	-	200
Insurance	10,632	5,350	1,990	7,340	-	17,972
Interest expense	13,292	4,485	1,899	6,384	-	19,676
Janitorial	21,486	6,251	3,030	9,281	-	30,767
Legal and accounting	11,903	3,340	1,670	5,010	-	16,913
Maintenance	11,066	609	1,567	2,176	-	13,242
Montana 211	107,640	-	-	-	-	107,640
Payroll expenses	833,145	77,667	103,763	181,430	-	1,014,575
Postage	1,031	292	424	716	-	1,747
Software and computer maintenance	28,537	9,128	5,776	14,904	-	43,441
Substance Abuse Connect Coalition	145,392	-	-	-	-	145,392
Supplies	12,494	2,568	464	3,032	-	15,526
Telephone	8,387	420	-	420	-	8,807
Training and development	14,587	5,848	1,349	7,197	-	21,784
Uncollectible pledges	-	-	12,750	12,750	-	12,750
Utilities	16,815	10,246	3,134	13,380	-	30,195
United Way of America dues	5,742	4,012	820	4,832	-	10,574
<b>Total Functional Expenses</b>	<b>\$ 2,185,747</b>	<b>\$ 181,411</b>	<b>\$ 207,075</b>	<b>\$ 388,486</b>	<b>\$ -</b>	<b>\$ 2,574,233</b>

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

# United Way of Yellowstone County, Inc.

## STATEMENTS OF FUNCTIONAL EXPENSES

(Continued)

Year Ended June 30, 2023	Program Services		Support Services			Total
	Community Response	Management and General	Fundraising	Support Services	Total	
Agency allocations	\$ 247,500	\$ -	\$ -	\$ -	\$ -	\$ 247,500
Bank service charges	16,518	723	361	1,084		17,602
Best Beginnings	755	-	-	-		755
Board expense	143	41	20	61		204
CARE Academy expense	127,394	27	13	40		127,434
Communications	10,975	1,262	13,016	14,278		25,253
Community resource center	1,334	-	-	-		1,334
Community Solution Emergency	7,700	-	-	-		7,700
Continuum of care	301,216	-	-	-		301,216
Depreciation and amortization	24,310	6,946	3,473	10,419		34,729
Dues and subscriptions	930	194	133	327		1,257
Emergency Food and Shelter Program expense	207,626	-	-	-		207,626
Early Childhood	26,838	-	-	-		26,838
Employee benefits	161,777	19,878	19,194	39,072		200,849
Fees	1,055	254	144	398		1,453
Graduation Matters	2,520	-	-	-		2,520
Insurance	7,819	2,234	1,117	3,351		11,170
Interest expense	15,733	4,495	2,248	6,743		22,476
Janitorial	20,856	5,959	2,979	8,938		29,794
Legal and accounting	11,489	3,275	1,638	4,913		16,402
Maintenance	13,471	3,849	1,924	5,773		19,244
Mileage	204	-	-	-		204
Payroll expenses	769,873	41,071	59,046	100,117		869,990
Postage	4,573	1,307	833	2,140		6,713
Software and computer maintenance	45,396	5,330	5,160	10,490		55,886
Substance Abuse Connect Coalition	102,227	-	-	-		102,227
Supplies	2,098	10,791	1,091	11,882		13,980
Telephone	5,887	1,175	587	1,762		7,649
Training and development	13,377	1,885	11,427	13,312		26,689
Uncollectible pledges	-	-	25,179	25,179		25,179
Utilities	19,900	5,686	2,843	8,529		28,429
United Way of America dues	7,423	2,121	1,060	3,181		10,604
Youth Volunteer Corps	1,343	-	-	-		1,343
<b>Total Functional Expenses</b>	<b>\$ 2,180,260</b>	<b>\$ 118,503</b>	<b>\$ 153,486</b>	<b>\$ 271,989</b>	<b>\$</b>	<b>\$ 2,452,249</b>

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

# United Way of Yellowstone County, Inc.

## STATEMENTS OF CASH FLOWS

Years Ended June 30	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,659,496	\$ 165,565
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	33,235	34,051
Amortization of right-of-use asset - financing lease	1,356	678
Amortization of debt issuance costs	750	750
Net realized gain on investments reinvested for long-term purposes	(268,133)	(3,743)
Net unrealized (gain) loss on investments	40,909	(145,546)
Contributions restricted for long-term purposes	(13,500)	(13,114)
Change in value of planned gift agreements	692	1,887
Change in cash surrender value of life insurance	(700)	(1,640)
Changes in:		
Pledges receivable	9,954	44,897
Grants receivable	(4,175)	2,253
Other receivables	(10,012)	(1,343)
Refund receivable	-	114,112
Prepaid expenses	(14,621)	(1,045)
Accounts payable	2,833	31,746
Accrued expenses	6,059	(22,871)
Deferred revenue	4,152	(106,812)
Funds held	49,764	(17,970)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>2,498,059</b>	<b>81,855</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property and equipment purchases	(32,607)	(10,789)
Purchases of investments	(3,709,944)	(69,450)
Proceeds from sale of investments	1,143,538	133,966
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>(2,599,013)</b>	<b>53,727</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on finance lease	(1,901)	(1,350)
Principal payments on long-term debt	(50,225)	(48,527)
Proceeds from new planned gift agreements	13,500	13,114
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(38,626)</b>	<b>(36,763)</b>
<b>Net Change in Cash, Cash Equivalents, and Restricted Cash</b>	<b>(139,580)</b>	<b>98,819</b>
<b>Cash, Cash Equivalents, and Restricted Cash - Beginning of Year</b>	<b>894,436</b>	<b>795,617</b>
<b>Cash, Cash Equivalents, and Restricted Cash - End of Year</b>	<b>\$ 754,856</b>	<b>\$ 894,436</b>

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

**United Way of Yellowstone County, Inc.****STATEMENTS OF CASH FLOWS**

(Continued)

Years Ended June 30	2024		2023	
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>				
Reconciliation of cash flow to the statements of financial position:				
Cash and cash equivalents	\$	725,704	\$	868,385
Restricted cash		29,152		26,051
<b>TOTAL CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	<b>\$</b>	<b>754,856</b>	<b>\$</b>	<b>894,436</b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION</b>				
Right-of-use asset obtained in exchange for finance lease liability	\$	-	\$	10,169
Cash paid during the year for interest	\$	18,989	\$	20,686

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

# United Way of Yellowstone County, Inc.

## NOTES TO THE FINANCIAL STATEMENTS

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### 1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

**Nature of Operations** United Way of Yellowstone County, Inc. (the Organization) is a nonprofit organization formed for the purpose of achieving significant community impact by developing strategies, building partnerships, and investing in programs, all of which are supported through annual fundraising campaigns, as well as through competitive private, state, and federal grants and contracts. The Organization improves community conditions for children, youth, individuals, families, and senior citizens.

**Basis of Accounting** The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP), as codified by the Financial Accounting Standards Board (FASB).

**Implementation of New Accounting Standards** On July 1, 2023, the Organization adopted FASB Accounting Standards Update 2016-13, *Financial Instruments – Credit Losses*, and all related subsequent amendments. This guidance significantly changed how the Organization measures credit losses for certain financial assets and other instruments that are not measured at fair value through the change in net assets. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing the Organization's exposure to credit risk and the measurement of credit losses. The impact of the adoption was not considered material to the financial statements and related disclosures given the Organization's investments are measured at fair value through the change in net assets, and promises to give are specifically scoped out of the standards. Financial assets held by the Organization that are subject to this guidance were other receivables.

**Classification of Net Assets** The Organization reports gifts of cash and other assets as restricted support if they are received with donor-imposed stipulations that may or will be met either by the actions of the Organization or the passage of time. Accordingly, net assets of the Organization 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 restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment, as well as other purposes described in note 14.

*Net Assets With Donor Restrictions:* Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

## United Way of Yellowstone County, Inc.

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation. Expirations of net assets with donor restrictions (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets. Contributions with donor restrictions received and spent in the same year are reported as unrestricted support.

**Income Taxes** The Organization is organized as a nonprofit corporation in the state of Montana and is exempt from federal and state income taxes under Section 501(c)(3) of the *Internal Revenue Code* (IRC).

**Estimates** The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that may affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents** The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Organization's cash is deposited in accounts in which Federal Deposit Insurance Corporation coverage is limited to \$250,000 per account holder. At June 30, 2024 and 2023, the bank balances of these deposits exceeded federally-insured limits by \$261,605 and \$309,734, respectively.

**Restricted Cash** Amounts included in restricted cash represent amounts related to the Emergency Food and Shelter Program, which provides emergency food and shelter to vulnerable populations in the community.

**Promises to Give** Contributions are recognized when the donor makes a promise to give to the Organization, that is, in substance, unconditional. All promises to give are expected to be collected within one year. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-imposed support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**Allowance Method Used to Record Uncollectible Pledges** The Organization uses the allowance method for uncollectible pledges receivable. The Organization's estimate is based on historical collection experience and a review of the current status of accounts receivable. It is reasonably possible that the Organization's estimate of the allowance for doubtful accounts will change. Pledges receivable are presented net of an allowance for doubtful accounts of \$30,000 at June 30, 2024 and 2023, respectively.

**Investments and Net Investment Income** Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. Net investment income or loss, including realized and unrealized gains and losses on investments, interest, and dividends – less investment expenses, is included in the change in net assets without donor restrictions unless the income or loss is restricted by a donor.

# United Way of Yellowstone County, Inc.

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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Investment securities are exposed to various risks, such as interest rate, credit, and market risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of financial position.

**Fair Value Measurements** The Organization has determined the fair value of its marketable securities through the application of the accounting standard for fair value measurements. This standard establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted observable quoted prices in active markets for identical assets (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described below:

- Level 1:* Quoted market prices available through public exchange venues for identical assets or liabilities.
- Level 2:* Inputs other than level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3:* Unobservable inputs for the asset or liability due to little or no market activity at the measurement date.

Following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023.

*Mutual Funds:* Assets are valued at the daily closing price as reported by the fund.

*Common Stock:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Exchange-Traded Funds:* Assets are valued at the net asset value (NAV) reported on the active market on which the securities are traded.

*Debt Securities:* Assets are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

*Alternative Investments:* Assets are valued at NAV.

**Other Investments** Certificates of deposit that are not debt securities are included in “other investments” and initially recorded at cost. The value is adjusted as interest is earned. All certificates of deposit held by the Organization as of June 30, 2024, have original maturity dates of more than three months.

## United Way of Yellowstone County, Inc.

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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**Property and Equipment** Property and equipment acquisitions with an original cost of at least \$2,500 are recorded at cost. Donated property and equipment are reported at fair value on the date of donation as without donor restriction unless the donor has restricted the donated asset to a specific purpose. Depreciation is provided over the estimated useful lives of assets (generally 5–40 years) and is computed using the straight-line method.

**Allocations Payable** Allocations payable represent amounts approved by the Board of Directors (Board) payable to United Way agencies. As of June 30, 2024 and 2023, the Organization has paid all allocations approved by the Board.

**Contribution Revenue** Annual campaigns are conducted to raise support for the Organization's community response programs. Pledges, less an allowance for uncollectible amounts, are recorded as receivables in the year they are made. All contributions are considered without donor restriction unless specifically restricted by the donor as to time or purpose. The Organization acts as an agent of the donor when contributions are directed by the donor and are to be distributed to a specific third-party beneficiary. These contributions received and subsequently remitted to third parties are reflected in campaign results on the statements of activities but are not treated as contribution revenue. Assets received for which the condition has not been satisfied are recorded as a refundable advance liability.

The Organization administers other campaigns for local employers. Under the agreements, the employers run campaigns, collect the pledges, and make payments to the Organization for quarterly distribution to the agencies designated by the employee. The Organization collects administration fees for administering the other campaigns. The Organization is acting as an agent administering the other campaigns and, therefore, contributions received and subsequently remitted to other agencies are not included in the statements of activities.

**Grant Revenue** The Organization's grant awards are contributions, which are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a deferred revenue.

**CARE Academy Revenue and Receivables** The CARE Academy is an out-of-school time program available to elementary school-age children who are currently enrolled as students in participating schools in Yellowstone County. Consequently, the Organization's revenue and cash flows are affected by economic fluctuations within that region. CARE Academy tuition is comprised of an exchange element based on the value of the benefits provided. The Organization recognizes tuition revenue in the period in which the services are rendered, and the Organization satisfies its performance obligations. Any portion of tuition deemed to be earned in future periods is deferred until earned.



# United Way of Yellowstone County, Inc.

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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The following presents the beginning and ending balances of CARE Academy accounts receivable, net of allowance for credit loss:

	<b>CARE Academy Accounts Receivable</b>
Balance - July 1, 2022	\$ 4,425
Balance - June 30, 2023	\$ 5,968
Balance - June 30, 2024	\$ 15,980

**Advertising** Advertising costs are expensed as incurred. Advertising expenses totaled \$17,995 and \$23,404 and are included in communication expense on the statements of functional expenses at June 30, 2024 and 2023, respectively.

**Donated Services, Materials, and Facilities** Many individuals volunteer their time and perform a variety of tasks that assist the Organization. The value of these contributed services does not meet the requirements for recognition in the financial statements and have not been recorded.

**Functional Allocation of Expenses** The Organization's management allocates expenses by function between program and supporting service classifications based upon estimated levels of functional time and effort.

**Reclassifications** Certain reclassifications have been made to the prior-year financial statements to conform to the current year financial statements. These reclassifications had no effect on the prior year reported change in net assets or total net assets.

**Evaluation of Subsequent Events** Management has evaluated subsequent events through November 21, 2024, the date the financial statements were available to be issued.

# United Way of Yellowstone County, Inc.

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

### 2. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

Financial assets available for general expenditure include only those without donor or other restrictions limiting their use within one year of the statement of financial position date. The following reflects the Organization's financial assets, net of amounts not available for general use within one year of the statement of financial position date due to contractual or donor-imposed restrictions.

June 30	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 725,704	\$ 868,385
Pledges receivable - net of allowance	40,352	50,306
Grants receivable	70,650	66,475
Other receivables	15,980	5,968
Other investments	2,555,363	-
Endowment investments	2,150,274	1,912,007
Cash surrender value of life insurance	24,208	23,508
<b>Total Financial Assets</b>	<b>5,582,531</b>	<b>2,926,649</b>
Less:		
Financial assets unavailable for general expenditure:		
Grant funds received in advance included in		
cash and cash equivalents	-	(25,000)
Agency funds	(50,720)	(956)
Board-designated funds	(930,164)	(955,624)
Donor-restricted funds	(3,160,099)	(531,632)
<b>Total Financial Assets Unavailable for General Expenditure</b>	<b>(4,140,983)</b>	<b>(1,513,212)</b>
<b>Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year</b>	<b>\$ 1,441,548</b>	<b>\$ 1,413,437</b>

The Organization does not have a formal liquidity policy, but has adopted guidelines around the use of endowment funds for current operations, deferred grant revenue, and special projects or programs as determined by the Board. Principal contributions to the endowment fund have been set aside by the Board as perpetual investments. Income from the investments may be used for any purposes the Organization chooses. The Organization may receive grant funds, but may not have expended them for the purposes of the grant at the end of the fiscal year. These funds are held until the work for the grant has been completed. The Organization may draw upon board-designated funds in the event of an unanticipated liquidity need with Board approval.

# United Way of Yellowstone County, Inc.

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

### 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are as follows:

June 30	2024		2023	
General operating deposits	\$	262,188	\$	158,284
General operating funds		28,599		128,842
Funds for emergency food and shelter program		29,152		26,051
General operating certificates of deposit		387,184		501,015
Investment money market fund		47,733		80,244
<b>Total Cash and Cash Equivalents</b>	\$	<b>754,856</b>	\$	<b>894,436</b>

### 4. ENDOWMENT INVESTMENTS

Endowment investments are as follows:

June 30, 2024	Fair Value of Assets			
	Level 1	Level 2	Level 3	Total
Equity securities:				
Domestic mutual funds	\$ 966,570	\$ -	\$ -	\$ 966,570
International mutual funds	123,619	-	-	123,619
Real estate exchange-traded funds	85,169	-	-	85,169
Domestic common stock	688,690	-	-	688,690
International common stock	118,613	-	-	118,613
Debt securities	-	167,613	-	167,613
<b>Total Endowment Investments</b>	\$ 1,982,661	\$ 167,613	\$ -	\$ 2,150,274

June 30, 2023	Fair Value of Assets			
	Level 1	Level 2	Level 3	Total
Equity securities:				
Domestic mutual funds	\$ 756,304	\$ -	\$ -	\$ 756,304
International mutual funds	150,231	-	-	150,231
Real estate exchange-traded funds	51,853	-	-	51,853
Domestic common stock	545,283	-	-	545,283
International common stock	105,075	-	-	105,075
Debt securities	-	235,723	-	235,723
Alternative investments	-	-	67,538	67,538
<b>Total Endowment Investments</b>	\$ 1,608,746	\$ 235,723	\$ 67,538	\$ 1,912,007

## United Way of Yellowstone County, Inc.

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Net investment income is summarized as follows:

Years Ended June 30	2024	2023
With donor restriction:		
Investment interest	\$ 55,659	\$ -
Without donor restriction:		
Interest income on cash and cash equivalents	6,875	5,568
Investment interest and dividends	63,676	52,093
Net realized gains	268,133	5,181
Net unrealized gains (losses)	(40,909)	145,546
<b>Total Investment Income</b>	<b>353,434</b>	<b>208,388</b>
Investment expenses	(17,636)	(16,922)
<b>Net Investment Income</b>	<b>\$ 335,798</b>	<b>\$ 191,466</b>

#### 5. CASH SURRENDER VALUE OF LIFE INSURANCE

In November 2001, the Organization received a single premium whole life insurance policy from a donor. Under the terms of the insurance policy, the Organization receives the cash surrender value if the policy is terminated and, upon death of the insured, receives a guaranteed death benefit. The cash surrender value of the life insurance is \$24,208 and \$23,508 as of June 30, 2024 and 2023, respectively.

#### 6. ACCRUED VACATION PAYABLE

Employees of the Organization are entitled to paid vacation, depending on length of service and other factors. Accrued but unused vacation leave in the amounts of \$23,054 and \$18,210 are included in accrued expenses on the statements of financial position at June 30, 2024 and 2023, respectively.

#### 7. FUNDS HELD

The Organization acts as an agent or fiscal sponsor for various organizations or projects where funds are to be distributed only for the benefit of, and upon the instructions, of those organizations or projects. Funds held consist of cash and cash equivalents and pledges receivable of \$50,720 and \$956 as of June 30, 2024 and 2023, respectively.

## United Way of Yellowstone County, Inc.

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

#### 8. LONG-TERM DEBT

Long-term debt consists of the following:

June 30	2024	2023
Note payable to Wells Fargo at 3.5%; monthly payments in the amount of \$5,768 including interest; matures December 15, 2032; secured by building.	\$ 506,229	\$ 556,454
Current maturities	(52,094)	(50,229)
Unamortized debt issuance costs	(6,375)	(7,125)
<b>Total Note Payable</b>	<b>\$ 447,760</b>	<b>\$ 499,100</b>

The proceeds from the note payable were used to repay a bridge loan of \$975,000 and \$15,000 in origination and closing fees, respectively. These fees were capitalized immediately and amortized over the 20-year life of the note. The Organization incurred amortization expense of \$750 during the years ended June 30, 2024 and 2023, respectively, and is included in interest expense in the statements of functional expenses.

Maturities on long-term debt are as follows:

Years Ending June 30	Principal Payments
2025	\$ 52,094
2026	53,887
2027	55,831
2028	57,901
2029	60,020
Thereafter	226,496
<b>Total</b>	<b>\$ 506,229</b>

Amortization of the remaining origination and closing fees are as follows:

Years Ending June 30	Amortization
2025	\$ 750
2026	750
2027	750
2028	750
2029	750
Thereafter	2,625
<b>Total</b>	<b>\$ 6,375</b>

## United Way of Yellowstone County, Inc.

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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#### 9. LEASE OBLIGATION

The Organization leases equipment under an agreement that is classified as a finance lease. At June 30, 2024, the leased equipment is included in finance lease right-of-use asset line item at a cost of \$9,552. Accumulated depreciation of the leased asset at June 30, 2024, was \$2,712. Depreciation of the asset under the finance lease is included with depreciation expense.

The aggregate minimum annual lease payments under the finance lease arrangement and discount factor used in calculating minimum lease payments on the right-of-use asset is as follows:

Years Ending June 30		<b>Finance Lease</b>
2025	\$	2,301
2026		2,221
2027		2,138
2028		1,379
Thereafter		-
<b>Subtotal</b>		<b>8,039</b>
Less: Amount representing interest		581
<b>Present Value of Minimum Lease Payments</b>		<b>7,458</b>
Less: Current maturities of lease		1,978
Deferred rent		193
<b>Leases - Net of Current Maturities</b>	<b>\$</b>	<b>5,673</b>
Weighted-average remaining lease term:		
Finance lease		3.75 years
Weighted-average discount rate:		
Finance lease		3.96%

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## United Way of Yellowstone County, Inc.

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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#### 10. ANNUITY OBLIGATION

The Organization receives charitable donations for annuities from donors with a provision that a fixed income be paid to the donor and/or the named beneficiary for life. The annuity obligation represents the present value of payments to be made over the life expectancies of the annuitant and/or their named beneficiaries based on Internal Revenue Service annuity tables. The contributions received and the related obligations are restricted in perpetuity until the death of the annuitant and/or their named beneficiary at which time the remaining assets remain restricted or the donor restriction is removed based upon the terms of the original annuity agreement. The recorded obligation is recognized as income at the time of death. On an annual basis, the Organization reevaluates the liability related to the required distributions to the designated beneficiaries based on actuarial assumptions. Activity under charitable agreements is as follows:

	<b>Charitable Gift Annuities</b>
<b>Estimated Present Value of Liability - July 1, 2022</b>	\$ 17,581
Additions to annuity liability	1,887
<b>Estimated Present Value of Liability - June 30, 2023</b>	19,468
Additions to annuity liability	692
<b>Estimated Present Value of Liability - June 30, 2024</b>	\$ 20,160

#### 11. PENSION PLAN

The Organization has a 403(b) Plan covering all full-time and part-time employees who have performed services for the Organization in at least one year of the immediately preceding five years, and does not include employees whose total compensation during the year is less than the amount specified in the IRC. The Organization contributes an amount equal to 5.0% of the annual compensation and matches employees' contributions up to 5.0% of annual compensation. Pension plan contributions totaled \$52,040 and \$51,490 for the years ended June 30, 2024 and 2023, respectively.

#### 12. ENDOWMENT FUNDS

The Organization's endowment fund (the Endowment) consists of gifts by individual donors who desire to make substantial long-term gifts to the community and to develop new and significant sources of revenue for the Organization. The Endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board.

# United Way of Yellowstone County, Inc.

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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### **Interpretation of Relevant Law**

The Board of the Organization has interpreted the Montana Uniform Prudent Management of Institutional Funds Act (MUPMIFA) 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. At June 30, 2024 and 2023, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity the original value of the gift.

Income from the investment of these gifts may be used to: (i) stabilize program funding during period of below normal average campaigns; (ii) fund special projects and grants in the community; (iii) ensure long-term growth; (iv) enhance the Organization's ability to meet changing community needs in both the short and long-term; and (v) support the administrative expenses of the Organization as deemed appropriate.

### **Investment Policy and Objectives**

The Organization has adopted an overall investment objective for the assets of growth and income. This is a total return approach to managing the assets, emphasizing both current income and growth in principal. The Organization monitors the performance on an annual basis. Performance is reported in terms of rate of return and changes in dollar value. The returns are compared to the appropriate market indexes for the most recent quarter and for annual and cumulative prior time periods. The Endowment's asset allocation is also reported on an annual basis.

It is desired that the Endowment produce a level of return higher than the market as represented by a benchmark index or mix of indexes reflective of the objectives and risk tolerance. This primary benchmark or policy index is to be constructed as follows: 60.0% Standard & Poor's 500 Stock Index, 35.0% BarCap US Govt/Credit Intermediate Bond Index, and 5.0% 90-day Treasury Bills. The secondary benchmark is to be constructed as follows: 25.0% Standard and Poor's 500, 5.0% Russell Midcap Index, 5.0% Russell 2000 Index, 15.0% EAFE Index, 5.0% NAREIT Equity Index, 7.0% HFRX Global Hedge Fund Index, 35.0% BarCap US Govt/Credit Intermediate Bond Index, and 3.0% 90-day Treasury Bills. The account is desired to exceed the arithmetic mean of these benchmarks on a risk-adjusted basis over a year rolling time period.

The Organization is comfortable with a moderate risk strategy. This is a goal of relatively more stable returns over the longer term, with a reduced potential of negative returns in any given year. Specifically, the risk level of the portfolio as measured by volatility (standard deviation) should be similar to the volatility of the underlying comparative benchmarks.

### **Funds With Deficiencies**

From time to time, the fair value of assets associated with the donor-restricted endowment fund may fall below the level that the donor or MUPMIFA requires the Organization to retain as a fund of perpetual duration. There were no deficiencies of this nature reported in net assets without donor restrictions as of June 30, 2024 and 2023.



## **United Way of Yellowstone County, Inc.**

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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#### **Spending Policy**

The Endowment is governed by the Organization's Gift Acceptance and Endowment Disbursement Guidelines. Unless otherwise directed by the donor as a result of conditions contained within the gift, or upon arrival of the Board for emergency situations, there shall be no disbursement of invested assets, principal, or interest that would decrease the invested assets below a balance of \$1,000,000.

Distributions are limited to 10.0% of the market value of the invested assets as of the prior calendar year-end, subject to the initial restriction of the \$1,000,000 balance. The amount of disbursement is determined annually by the Board during the budgeting process. The Organization may also elect to take no distributions in any given year.

To the extent that the amount to be distributed has been determined and that all donor directives have been met, said amounts may be distributed at the discretion of the Board. However, in general, these funds will be utilized to stabilize program funding during periods of below normal annual campaigns, for special purpose program grants, for special purpose programs and activities, and to support the administrative activities of the Organization.

#### **Composition of Endowment Fund**

The composition of the assets in the Endowment is included in note 4, as there are funds invested in addition to the donor-restricted and board-designated endowment funds. Unless otherwise stated by the donor, earnings on donor-restricted endowment funds are available for general use and have been presented on the statements of financial position and statements of activities without donor restrictions.

# United Way of Yellowstone County, Inc.

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Composition of and changes in endowment net assets were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Endowments at July 1, 2022</b>	\$ 1,308,716	\$ 518,518	\$ 1,827,234
Contributions	-	15,000	15,000
Additions	54,898	-	54,898
Sales of investments	(30,000)	-	(30,000)
Net appreciation - realized and unrealized	150,727	-	150,727
Distribution pursuant to Board approval	(103,966)	-	(103,966)
Change in value of split-interest agreements	-	(1,886)	(1,886)
<b>Endowments at June 30, 2023</b>	1,380,375	531,632	1,912,007
Contributions	50,000	13,500	63,500
Additions	1,141,773	-	1,141,773
Sales of investments	(1,098,078)	-	(1,098,078)
Net appreciation - realized and unrealized	227,224	-	227,224
Distribution pursuant to Board approval	(45,460)	-	(45,460)
Change in value of split-interest agreements	-	(692)	(692)
<b>Endowments at June 30, 2024</b>	\$ 1,701,294	\$ 544,440	\$ 2,200,274

### 13. NET ASSETS WITH DONOR RESTRICTIONS

During fiscal year 2024, donor-restricted contributions included a grant from the Bezos Day One Fund. The Bezos Day One Fund focuses on helping families experiencing homelessness-including those who are unsheltered or staying in shelters-regain safe, stable housing and achieve well-being. This grant comprises approximately 77% of grant revenue for the year ended June 30, 2024.

During fiscal year 2023, donor-restricted contributions were satisfied within the same fiscal year.

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

June 30	2024	2023
Donor-restricted endowment funds to be held in perpetuity	\$ 544,440	\$ 531,632
Contributions and related earnings restricted for homelessness	2,615,659	-
<b>Total Net Assets With Donor Restrictions</b>	<b>\$ 3,160,099</b>	<b>\$ 531,632</b>

# United Way of Yellowstone County, Inc.

## NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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### 14. BOARD-DESIGNATED NET ASSETS

The Board designated certain funds for special purposes.

*Board-Designated Endowment:* The principal of non-restricted gifts in the form of cash, bequests, or stock.

*Board-Designated General:* Funds to be used to stabilize program funding during periods of below-normal campaigns; for special purpose program grants and special purpose United Way of Yellowstone County, Inc. programs and activities; and to support the administrative activities of the Organization.

*Board-Designated Building Fund:* Income generated from leasing of office space in the Organization's building. The income will be used to pay for future building maintenance costs. In addition, the Board designated a portion of the endowment included in net assets without donor restriction to be used for building maintenance.

*Board-Designated Capital Improvement:* Funds set aside to be used for building and other capital improvements.

Amounts for the following purposes have been designated:

	Endowment	Building Fund	Capital Improvement	Total Designated
<b>Board-Designated Net Assets - July 1, 2022</b>	\$ 693,102	\$ 186,488	\$ 160,000	\$ 1,039,590
Board transfers and approved distributions	(103,966)	10,000	10,000	(83,966)
<b>Board-Designated Net Assets - June 30, 2023</b>	589,136	196,488	170,000	955,624
Board transfers and approved distributions	(45,460)	10,000	10,000	(25,460)
<b>Board-Designated Net Assets - June 30, 2024</b>	\$ 543,676	\$ 206,488	\$ 180,000	\$ 930,164