

**UNITED WAY COMMUNITY SERVICES, INC.**

**FINANCIAL STATEMENTS**

Year Ended June 30, 2018

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
United Way Community Services, Inc.

### **Report on the Financial Statements**

We have audited the financial statements of United Way Community Services, Inc. (a nonprofit organization) which comprise the statement of financial position of as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks if material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way Community Services, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Other Matters***

***Report on Summarized Comparative Information***

We have previously audited United Way Community Services, Inc.'s 2017 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated September 5, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2018 on our consideration of United Way Community Services, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way Community Services, Inc.'s internal control over financial reporting and compliance.



Orem, Utah  
September 4, 2018

**UNITED WAY COMMUNITY SERVICES, INC.**  
**STATEMENT OF FINANCIAL POSITION**

June 30, 2018, with Comparative Totals for and 2017

	2018	2017
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash	\$ 44,585	\$ 52,329
Accounts receivable	217,910	166,309
Prepaid expenses	19,110	18,330
Total current assets	281,605	236,968
<b>Fixed Assets:</b>		
Furniture and equipment	68,932	23,126
Vehicles	1,044,059	1,077,465
Accumulated depreciation	(695,542)	(720,062)
Net fixed assets	417,449	380,529
Total assets	\$ 699,054	\$ 617,497
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued expenses	\$ 27,242	\$ 16,716
Due to United Way of Central and Southern Utah	299,227	211,640
Accrued compensated absences	82,773	75,754
Total current liabilities	409,242	304,110
<b>Unrestricted Net Assets:</b>		
Undesignated	179,812	203,387
Designated for benefits	110,000	110,000
Total unrestricted net assets	289,812	313,387
Total liabilities and net assets	\$ 699,054	\$ 617,497

The accompanying notes are an integral part of this financial statement.

**UNITED WAY COMMUNITY SERVICES, INC.**  
**STATEMENT OF ACTIVITIES**

Year Ended June 30, 2018, with Comparative Totals for 2017

	2018	2017
<b>Unrestricted Net Assets:</b>		
Revenues and Support:		
Transportation services:		
Utah Transit Authority funding	\$ 1,559,436	\$ 1,402,139
Service provider contracts	106,350	105,693
Agency services	118,283	94,881
Rider fares	38,279	40,455
In-kind donations	<u>441,996</u>	<u>356,515</u>
Total transportation services	2,264,344	1,999,683
Other revenues	1,657	1,593
Gain on sale of fixed assets	<u>24,414</u>	<u>50,641</u>
Total revenues and support	2,290,415	2,051,917
Expenses:		
Program services:		
Paratransit program services	2,165,726	2,047,631
Supporting services:		
General and administrative	<u>148,264</u>	<u>139,978</u>
Total expenses	<u>2,313,990</u>	<u>2,187,609</u>
<b>Change in Unrestricted Net Assets</b>	(23,575)	(135,692)
<b>Net Assets at Beginning of Year</b>	<u>313,387</u>	<u>449,079</u>
<b>Net Assets at End of Year</b>	<u><u>\$ 289,812</u></u>	<u><u>\$ 313,387</u></u>

The accompanying notes are an integral part of this financial statement.

**UNITED WAY COMMUNITY SERVICES, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended June 30, 2018, with Comparative Totals for 2017

	Paratransit Program Services	General and Administrative	Totals	
			2018	2017
Salaries and wages	\$ 851,927	\$ 69,305	\$ 921,232	\$ 882,639
Employee benefits	194,361	24,909	219,270	210,666
Payroll taxes	62,045	5,046	67,091	64,603
Total personnel expenses	1,108,333	99,260	1,207,593	1,157,908
Bad debt	5,958	-	5,958	1
Conferences and training	8,128	-	8,128	8,096
Dues and subscriptions	437	-	437	1,194
Liability insurance	2,047	166	2,213	2,411
Marketing	6,327	-	6,327	-
Occupancy costs	114,131	2,978	117,109	116,970
Repairs and maintenance	2,837	231	3,068	4,098
Postage	172	-	172	-
Printing and copying	7,505	-	7,505	6,777
Professional fees	-	28,666	28,666	29,407
Rewards	1,039	-	1,039	1,100
Supplies	3,487	283	3,770	3,082
Telephone	-	-	-	855
Travel and meals	3,954	1,142	5,096	3,700
Vehicle expense	555,811	-	555,811	485,372
Support services	190,956	15,532	206,488	206,488
Miscellaneous	719	-	719	925
Total before depreciation	2,011,841	148,258	2,160,099	2,028,384
Depreciation	153,885	6	153,891	159,225
Total functional expenses	<u>\$ 2,165,726</u>	<u>\$ 148,264</u>	<u>\$ 2,313,990</u>	<u>\$ 2,187,609</u>

The accompanying notes are an integral part of this financial statement.

**UNITED WAY COMMUNITY SERVICES, INC.**  
**STATEMENT OF CASH FLOWS**

Year Ended June 30, 2018, with Comparative Totals for 2017

	2018	2017
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ (23,575)	\$ (135,692)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	153,891	159,225
Gain on sale of fixed assets	(24,414)	(50,641)
In-kind donation of equipment	(143,209)	(102,231)
Changes in operating assets and liabilities:		
Accounts receivable	(51,601)	4,715
Prepaid expenses	(780)	(1,196)
Accounts payable and accrued expenses	10,526	2,989
Due to United Way of Central and Southern Utah	87,587	104,934
Accrued compensated absences	7,019	32,073
Net cash provided by operating activities	<u>15,444</u>	<u>14,176</u>
<b>Cash Flows from Investing Activities:</b>		
Proceeds from sale of fixed assets	24,414	50,641
Purchases of fixed assets	<u>(47,602)</u>	<u>(29,458)</u>
Net cash provided (used) by investing activities	<u>(23,188)</u>	<u>21,183</u>
<b>Net Change in Cash</b>	<b>(7,744)</b>	<b>35,359</b>
<b>Cash at Beginning of Year</b>	<u>52,329</u>	<u>16,970</u>
<b>Cash at End of Year</b>	<u><u>\$ 44,585</u></u>	<u><u>\$ 52,329</u></u>

**Supplemental Data:**

The Organization paid no interest or income taxes for the year ended June 30, 2018.

The Organization received in-kind donations of \$143,209 constituting 80 percent of the fair value of vehicles and equipment purchased during the year ended June 30, 2018.



## UNITED WAY COMMUNITY SERVICES, INC. NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies

The financial statements of United Way Community Services, Inc. (the Organization) have been prepared on the accrual method of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Organization – United Way Community Services, Inc. provides transportation services for disabled persons and senior citizens throughout Utah County.

Summarized Comparative Financial Information – The financial statements include certain prior-year summarized comparative information in total but not by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Tax Status – The Organization is incorporated exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). Contributions to the Organization are tax deductible to donors under Section 170 of the IRC. The Organization is not classified as a private foundation. Also, the Organization is not subject to state income taxes.

Revenue Recognition – Revenues from grants and contracts are recognized in the period in which approved expenses are incurred or when services have been performed. No allowance for doubtful accounts has been established. Management believes all amounts are collectible.

Prepaid Expenses – Prepaid expenses consist of amounts paid for which the benefit extends beyond the current period. Prepaid expenses include insurance premiums and rent.

Fixed Assets – Equipment and vehicles are carried at cost or, if donated, at fair market value at the date of donation. Depreciation is computed on a straight-line basis over three to ten years.

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

Subsequent Events – The Organization has evaluated subsequent events through September 4, 2018, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

**UNITED WAY COMMUNITY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 2. Contributed Materials, Equipment, and Services**

The Organization does not have title to all of the vehicles in its use. Some of the vehicles used by the Organization are owned by Utah Transit Authority (UTA) and are not listed as assets of the Organization. Management has estimated the fair lease value of the vehicles provided to the Organization at no cost by UTA and recorded that amount as revenue and expense in the Statement of Activities. The value of these contributions was \$187,200 for the year ended June 30, 2018.

As part of the Organization's service-provider contract with UTA, the Organization receives fuel for its vehicles at no charge. The value of the fuel received from UTA at no charge was \$111,587 for the year ended June 30, 2018.

No amounts have been reflected in the statements for donated services inasmuch as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time to the Organization.

**Note 3. Economic Dependence**

The Organization receives substantially all of its revenue from service-provider contracts and grants. Revenue from these contracts and grants is dependent upon the funding policies of the contractors and grantors and, as such, can be adjusted at any time.

**Note 4. Related Party Transactions**

The Organization is related to United Way of Central and Southern Utah (United Way) through common control, as one Board of Trustees governs both entities. The Organization owed United Way \$299,227 at June 30, 2018.

The Board of Trustees approved a support services fee to be charged to the Organization by United Way for administrative services. The management fee amount was \$206,488 for the year ended June 30, 2018.

The Organization leases a parking lot from United Way. Lease expense was \$77,520 for the year ended June 30, 2018. The Organization also subleases a portion of the building owned by United Way (see Note 6).

**Note 5. Retirement Plan**

A defined contribution plan is provided for all qualified employees who have been with the Organization for one or more years. The Organization contributes 5 percent of qualified employees' gross earnings to the plan. In addition, the Organization matches 50 percent of the first 6 percent of employee contributions. Organization contributions were \$53,677 for the year ended June 30, 2018.

**UNITED WAY COMMUNITY SERVICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 6. Lease Commitment**

The Organization subleases a portion of the building leased by Community Action Services from United Way. The lease agreement was for five years ended December 2011 with options to renew thereafter. The Organization continues to sublease office space at the same monthly rate, but has not exercised an option to renew the lease agreement. Lease expense was \$28,800 for the year ended June 30, 2018.

## **OTHER INFORMATION**



Independent Auditor's Report on Internal Control over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

Board of Trustees  
United Way Community Services, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way Community Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 4, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered United Way Community Services, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of United Way Community Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of United Way Community Services, Inc.'s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether United Way Community Services, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of United Way Community Services, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering United Way Community Services, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Squire & Company, PC*

Orem, Utah  
September 4, 2018