LIVE UNITED

UNITED WAY OF MISSOULA COUNTY

AUDITED FINANCIAL STATEMENTS
For The Years Ended
December 31, 2023 and 2022

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CARVER
FLOREK &
JAMES, CPA's
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Board of Directors of
United Way of Missoula County
Missoula, Montana

Opinion
We have audited the financial statements of United Way of Missoula County, which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of United Way of Missoula County as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of Missoula County 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 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 Missoula County's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of 2023 Campaign Revenue on page 26 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Carver Florek & James, CPAs

Carver Florek & James, CPA's
Missoula, Montana
July 24, 2024

FINANCIAL STATEMENTS

UNITED WAY OF MISSOULA COUNTY

STATEMENTS OF FINANCIAL POSITION
As of December 31, 2023 and 2022

		2023		2022
ASSETS				
Cash and cash equivalents	$	122,419	$	371,127
Accounts receivable		258,566		82,396
Contributions receivable, net		66,242		73,732
Prepaid expenses		37		661
Funds held in trust		109,640		66,514
Investments		591,455		551,853
Property and equipment, net		647,869		349,434
Right-of-Use Asset		116,093		-
Endowment investments		567,852		561,702
Total Assets	$	2,480,173	$	2,057,419
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current Liabilities				
Accounts payable	$	215,505	$	13,552
Accrued payroll and payroll taxes		16,927		13,109
Funds held in trust liability		109,637		66,504
Compensated absences		35,430		21,602
Deferred Revenue		39,222		293,543
Line of Credit		100,000		-
Current Portion of Right-of-Use Lease Liability		30,390		-
Total Current Liabilities		547,111		408,310
Long-term Liabilities				
Right-of-Use Lease Liability, Net of Current Portion		85,703		-
Total Long-term Liabilities		85,703		-
Total Liabilities		632,814		408,310
NET ASSETS				
Without donor restrictions		1,087,871		958,432
With donor restrictions		759,488		690,677
Total Net Assets		1,847,359		1,649,109
Total Liabilities and Net Assets	$	2,480,173	$	2,057,419

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

UNITED WAY OF MISSOULA COUNTY

STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2023 and 2022

	2023	2022
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUE AND SUPPORT		
Contributions	$ 400,944	$ 404,818
Investment income/(loss), net	139,811	(177,161)
Grant income	869,784	524,052
Sponsorship income	52,214	65,300
Other income	10,513	19,732
Net assets released from restrictions	74,581	202,611
TOTAL REVENUE AND SUPPORT	1,547,847	1,039,352
EXPENSES		
Program services	1,110,980	1,109,384
Management and general	167,121	156,707
Fundraising	140,307	166,787
TOTAL EXPENSES	1,418,408	1,432,878
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	129,439	(393,526)
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	66,242	133,638
Endowment contributions	6,150	5,300
Missoula Child Care Program	71,000	-
Net assets released from restrictions	(74,581)	(202,611)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	68,811	(63,673)
CHANGE IN TOTAL NET ASSETS	198,250	(457,199)
NET ASSETS, beginning of year	1,649,109	2,106,308
NET ASSETS, end of year	$ 1,847,359	$ 1,649,109

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

UNITED WAY OF MISSOULA COUNTY

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2023

Expense Description	Program Services	Management & General	Fund-Raising	TOTAL
Community grants	$ 16,565	$ -	$ -	$ 16,565
Special project payments	358,835	-	-	358,835
In-Kind Expense	5,204	-	-	5,204
Salaries and wages	506,589	104,384	92,443	703,416
Payroll taxes and workers compensation	39,991	11,278	7,352	58,621
Health insurance, retirement, and HSA	58,837	4,894	9,931	73,662
Marketing	15,326	2,158	9,915	27,399
Occupancy	9,282	24,482	344	34,108
Office costs	16,042	3,111	8,031	27,184
Professional fees	43,350	4,772	4,772	52,894
Equipment rental and maintenance	2,849	610	610	4,069
United Way Worldwide	9,430	2,021	2,021	13,472
Travel and training	6,300	4,615	92	11,007
Insurance	5,808	1,244	1,244	8,296
Uncollectible Pledge	8,873	1,901	1,901	12,675
Depreciation	7,035	1,508	1,508	10,051
Interest	664	143	143	950
TOTAL EXPENSES	$ 1,110,980	$ 167,121	$ 140,307	$ 1,418,408
	78.34%	11.77%	9.89%	100.00%

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

UNITED WAY OF MISSOULA COUNTY

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022

Expense Description	Program Services	Management & General	Fund-Raising	TOTAL
Community grants	$ 95,431	$ -	$ -	$ 95,431
Special project payments	418,032	-	-	418,032
Salaries and wages	361,511	114,019	113,782	589,312
Payroll taxes and workers compensation	28,817	12,472	9,110	50,399
Health insurance, retirement, and HSA	41,278	6,065	12,013	59,356
Marketing	54,965	4,347	8,376	67,688
Occupancy	19,002	3,828	4,113	26,943
Office costs	15,197	3,256	7,776	26,229
Professional fees	22,843	4,895	4,895	32,633
Equipment rental and maintenance	2,470	464	464	3,398
United Way Worldwide	9,050	1,939	1,939	12,928
Travel and training	23,942	1,813	710	26,465
Insurance	745	160	160	1,065
Uncollectible Pledge	5,579	1,195	1,195	7,969
Depreciation	10,090	2,162	2,162	14,414
Interest	432	92	92	616
TOTAL EXPENSES	$ 1,109,384	$ 156,707	$ 166,787	$ 1,432,878
	77.43%	10.93%	11.64%	100.00%

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

UNITED WAY OF MISSOULA COUNTY

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from/for:		
Contributions	$ 539,151	$ 606,752
Grants and sponsors	491,507	360,437
Other activities	104,572	2,965
Cash paid for/to:		
Employees	(818,053)	(691,887)
Agency allocations	(380,604)	(513,463)
Vendors	24,155	(286,963)
Interest	(950)	(616)
Net Cash Flows from Operating Activities	(40,222)	(522,775)
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to Construction in Process	(308,486)	-
Net Cash Flows from Investing Activities	(308,486)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal paid on long-term debt	-	(63,867)
Proceeds from line of credit	100,000	-
Net Cash Flows from Financing Activities	100,000	(63,867)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(248,708)	(586,642)
CASH AND CASH EQUIVALENTS, Beginning of Year	371,127	957,769
CASH AND CASH EQUIVALENTS, End of Year	$ 122,419	$ 371,127

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

UNITED WAY OF MISSOULA COUNTY

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2023 and 2022

	2023	2022
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 198,250	$ (457,199)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Flows from Operating Activities		
Items Not Affecting Cash:		
Allowance for uncollectible pledges	-	(5,000)
Net realized and unrealized (gain) loss on investment	(45,752)	166,094
Depreciation	10,051	14,414
Changes in Operating Assets and Liabilities		
(Increase)/Decrease in:		
Accounts receivable	(176,170)	(13,987)
Contributions receivable	7,490	75,964
Prepaid expenses	624	2,486
Funds held in trust	(43,126)	(61,211)
Increase/(Decrease) in:		
Accounts payable	201,953	(97,440)
Accrued payroll and payroll taxes	3,818	11,126
Funds held in trust liability	43,133	60,852
Compensated absences	13,828	(3,946)
Deferred revenue	(254,321)	(214,928)
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ (40,222)	$ (522,775)

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

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

United Way of Missoula County (United Way), founded in 1931, is a nonprofit corporation under Internal Revenue Code 501(c)(3), located in Missoula, Montana. United Way builds a better community by improving lives and creating lasting changes in community conditions. The organization accomplishes this by bringing people and organizations together to identify problems and craft creative, lasting solutions across multiple sectors that improve outcomes in the areas of education, financial stability, and health.

Through broad-based, results-oriented collaborations with other nonprofits, donors, businesses, the University of Montana, local and county government, K-12 schools, the faith community and other diverse partners, United Way drives progress in implementing solutions to identified priorities in its three areas of focus. United Way also serves as a conduit for donors who desire a trusted, one-stop way to invest in high-quality programs that produce measurable results, ensuring that charitable dollars are spent wisely and well in the community. Current initiatives in which United Way plays a leadership role in terms of visioning, convening, leading, funding, amplifying, staffing, and/or providing in-kind assistance include the following:

EDUCATION: Zero to Five Missoula (improving outcomes for families and kids ages 0-5, so that young kids get a strong start in life); Dolly Parton’s Imagination Library (a book-gifting program that promotes kindergarten readiness); and annually providing 800-1,000 of Missoula’s most impoverished students with new backpacks fully stuffed with school supplies.

FINANCIAL STABILITY: Reaching Home: United to End Homelessness. United Way is the principal private-sector fundraiser and advocate for this public-private collaboration, supporting efforts to make homelessness in Missoula rare, brief, and nonrecurring. Reaching Home has made critical strides in addressing homelessness, including by implementing Missoula Coordinated Entry System to prioritize providing housing for those most in need. Key components of United Way’s work on homelessness include providing logistical support to the Temporary Safe Outdoor Space, a safe, legal, service-rich encampment that has a strong record of housing unhoused Missoulians; and the Housing Solutions Fund, which provides small but critical cash grants to help households stay in or access housing.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (continued)

HEALTH: 5-2-1-0 Let's Move! Missoula (preventing childhood obesity by encouraging increased physical activity and healthy eating, in school and at home) and Project Tomorrow Montana (preventing suicide) are two broad-based efforts operated collaboratively by United Way – which provides them with financial and in-kind support – and the Missoula City-County Health Department. Project Tomorrow has trained thousands of Missoulians in suicide-prevention strategies, distributed thousands of gunlocks, and raised community awareness of suicide and mental-health issues – and effective strategies to address them – through teaching, training, public health measures, and the arts. On 12/31/23, due to lack of sustainable funding, United Way closed out its Missoula Substance Use Disorder (SUD) Connect initiative, which was created in 2020 with non-renewed federal funding. Going forward, United Way will continue to address SUD through the installation of naloxone vending machines around Missoula, and support for the Recovery Friendly Workplace initiative, which gives employers the resources they need to support their employees in recovery.

EMERGENCY AND DISASTER RELIEF: United Way is also Missoula County's designated financial partner, serving as a repository for private donations to alleviate natural disasters, such as fire and floods. United Way receives, acknowledges and, with a panel of volunteer advisors, disburses donated funds to help families and organizations affected by emergencies and natural disasters. Also under United Way's Emergency/Disaster umbrella is Wildfire Ready Missoula, a public-private collaboration with the Missoula County Office of Emergency Services that works with homeowners to reduce fire risk and catastrophic property loss in the wildland-urban interface.

OTHER IMPACT: United Way also operates and staffs the Missoula Nonprofit Center, which provides training, education, and networking opportunities to more than 100 members of Missoula's diverse nonprofit community. MNC also hosts Missoula's annual Philanthropy Day celebration, honoring organizational and individual champions of giving and serving. Membership in MNC includes access to a comprehensive weekly newsletter on nonprofit-related topics, as well as access to Volunteer Missoula, a web-based platform that links people with volunteer opportunities at member nonprofit organizations.

Zero to Five Missoula also operates several other initiatives:

- the Parent Leadership Training Institute enhances parents' and caregivers' ability to advocate effectively for their families
- through a study of 800 incoming kindergarten students, the Kindergarten Entry Assessment spotlights factors that improve kindergarten readiness
- the Early Learning Fellows program provides early childhood professionals with development and networking opportunities to enhance their knowledge and skills.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (continued)

CHILD CARE: In 2022, with a $400,000+ Child Care Innovation Grant from the Montana Department of Health & Human Services, United Way launched Missoula Child Care Advantage, an innovative approach to expanding child care slots in the short-term and stabilizing existing child care providers across the community for the long-term. In 2024, six new child care facilities serving up to 90 children will open in the renovated Cold Springs School. MCCA will provide back-office shared services (bulk ordering, payroll services, accounting, employee paperwork, enrollment and waitlist processes, and more) to the network of participating childcare businesses. These services – paid for by business memberships in MCCA – will save the childcare operators time and money, improving their bottom line and ability to provide quality care. In return, employees of MCCA business members receive priority access to childcare waiting lists.

Annually, United Way also mobilizes volunteers to complete hands-on service projects. In 2023, more than 100 volunteers completed projects throughout Missoula.

In addition to the above activities, from time to time United Way provides funding to carefully screened and qualified nonprofit organizations in Missoula, Mineral, and Ravalli counties whose work aligns with and advances the goals of the above education, financial stability and health initiatives. Funding decisions are made collaboratively by United Way staff and Administrative Committee or board of directors. Funded programs comply with certain mutually agreed-upon conditions, spelled out in written memoranda of understanding, and results are evaluated by United Way, in order to ensure that donor dollars are invested wisely and well. United Way also supports numerous mission-aligned local nonprofits through purchasing tickets to and making donations at their fundraising events.

Eighteen volunteer members serve on United Way's board of directors, providing oversight and guidance to the CEO, and ensuring high standards of financial and programmatic excellence. The board meets eight times annually. As a member in good standing of United Way Worldwide, the world's largest privately supported nonprofit organization, United Way of Missoula County annually must demonstrate compliance with rigorous standards in the areas of fiscal oversight, governance, management, equity, fundraising, recordkeeping, and donor stewardship.

United Way's board of directors also includes several committees. The Administrative Committee ensures careful stewardship of financial resources, including oversight of the organization's permanent endowment.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (continued)

Reporting directly to the board, the Audit Committee ensures sound financial oversight by overseeing the annual audit process with an independent auditor and management. Comprising members with financial expertise, the committee selects, reviews, and evaluates the performance of independent auditors and staff members with audit responsibilities; reviews the annual financial statements (audit report, notes, schedules); provides an avenue of communication between independent auditors, management, and the board of directors; and oversees the integrity and adequacy of the financial accounting processes and internal controls.

The Executive Committee comprises board officers and the CEO. It serves as a board development committee and occasionally takes acts on behalf of the board, if urgent matters arise between board meetings.

The Live United Committee ensures that United Way programs and practices, internally and externally, reflect and embody principles of equity, justice, diversity and inclusion.

United Way also administers The Fund for Ravalli County, an internally designated fund to benefit qualified nonprofit organizations serving Ravalli County.

Under the guidance of the board of directors, and via a formal memorandum of understanding, United Way also serves as the fiscal sponsor of two programs:

- Montana Black Collective – Missoula, which seeks to engage and empower people of African ancestry living in the Missoula community by stimulating intellectual, political, spiritual and social growth among its members, and deconstructing racism in all forms throughout the larger community.
- Transvisible Montana, a coalition of transgender, non-binary and two spirit individuals and organizations promoting awareness and amplifying the voices of transgender Montanans by providing workshops, leadership opportunities and education across the state.

Basis of Accounting

United Way's financial statements have been prepared on the accrual basis of accounting and are presented in accordance with accounting principles generally accepted in the United States of America (GAAP), as codified by the Financial Accounting Standards Board.

Cash and Cash Equivalents

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

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents (continued)
From time to time, certain bank accounts that are subject to coverage by the Federal Deposit Insurance Corporation (FDIC) may exceed their insured limits. At December 31, 2023, US Bank exceeded their insured limits by $42,488. At December 31, 2022, the United Way's bank accounts were fully insured by the FDIC. Accordingly, the United Way does not believe it is exposed to any significant credit risk on its cash balances.

Accounts Receivable and Contributions Receivable
Accounts receivable represent amounts owed to the United Way for reimbursements of costs from the Combined Federal Campaign and other organizations and are stated at unpaid balances. All amounts are considered collectible by management. Therefore, no allowance was made for 2023 and 2022. Due to inherent uncertainties in estimated the allowance for uncollectible accounts; it is at least reasonably possible that this estimate could change in the near term. Accounts receivable are considered impaired if payments are not received in accordance with terms of agreements. It is the United Way's policy to write off accounts receivable when management determined they will not be collected. At December 31, 2023 and 2022, all receivables were current. Interest is not charged on accounts receivable.

Contributions receivable represent unconditional promises to give through written agreements to contribute cash or other assets to the United Way. These promises to give (pledges) are reported as contribution revenue and receivables even if the promise is legally unenforceable. Unconditional promises to give are reported at unpaid principal balances less an allowance account of $10,000 at December 31, 2023 and 2022. Management determines the allowance account based on historical collection percentages, an evaluation of individual contributions receivable, and consideration of economic conditions, among other factors. Due to inherent uncertainties in estimated the allowance for uncollectible accounts receivable, it is at least reasonably possible that this estimate could change in the near term.

Investments
Investments are reported at fair value using the market approach. Investments consist primarily of mutual funds. Increases or decreases in fair value are recognized in the current period as investment gains or losses. Investment income includes interest, dividends, and realized and unrealized gains and losses. The United Way's investment values are determined using either Level 1 inputs or Level 2 inputs. Level 1 inputs are quoted prices in active markets for identical assets as of the measurement date. Level 2 inputs are quoted priced in active markets for similar assets that are observable through the measurement date. Investments are classified as available-for-sale investments. The United Way's investment in securities is 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 financial statements.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are recorded at cost when purchased or at fair value if donated. Generally, repairs and maintenance are expensed as incurred and purchases and betterments with a useful live of three years or more (regardless of cost) are capitalized. Capitalized assets are depreciated on a straight-line basis over the estimated useful lives ranging from five to thirty nine years. Property and equipment is reported net of accumulated depreciation.

Compensated Absences

United Way's employees are entitled to paid time off depending on the length of employment, hours worked, and other factors after a thirty day probation period. Vacation leave earned ranges from 80 hours to 200 hours depending on the number of years of service. Vacation is paid out at the current employees' rate of pay upon termination. The United Way records an expense for vacation leave as it is paid.

Sick leave is accrued at up to 8 hours per month from the date of hire and may be carried over year to year. Sick leave is not paid out to the employee upon leaving the United Way.

Deferred Gift Annuity

The United Way was the recipient of a deferred gift annuity to their endowment and was recorded at fair market value. The annuity amount will be distributed to the donors in annual installments beginning November 2041. The present value of the future annuity payments is recorded as a liability using a discount rate of 4.6% and standard actuarial tables for remaining lives of donors and beneficiaries, with the difference recorded as contribution revenue. The changes in the fair market value of the gift annuity are recognized as changes in the value of the annuity agreement at year-end.

Deferred Revenue

Deferred revenue consists of cash advanced from grantors that had not yet been expended under the conditions of the grant.

Net Asset Classification

The net assets of the United Way are reported in the following categories:

Net assets are classified as *without donor restrictions* in the absence of donor imposed restrictions. This category includes those revenues and expense associated with generally unrestricted activities and with the United Way's primary exempt functions. The board has designated certain funds for reserves or use in future period totaling $63,379 and $63,116 at December 31, 2023 and 2022, respectively.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Asset Classification (continued)

Net assets classified as *with donor restrictions* have donor-imposed restrictions that have not been met. Such restrictions may be met by the passage of time or use for a specific purpose, or the assets may be expected to be maintained in perpetuity.

Some donors specify certain recipient organizations for cash donations and promises to give. Because the United Way acts solely as an intermediary, such donations are excluded from the statement of activities and are reflected as custodial funds liability in the statement of financial position until the funds are distributed to the recipient organizations.

In-Kind Donations

The United Way seeks and receives volunteer efforts of community members to attain its goals and objections. Donated services meeting the criteria of GAAP for recognition are reported as donated services in the statement of activities with a corresponding expense recorded in program expenses. The value of donated services is determined by the donors at the usual fee they would receive for such services in the normal course of their profession. No amounts are recorded in the statement of activities for donated services for 2023 and 2022.

Expense Allocation and Functional Activities

The United Way allocates costs that can be identified specifically with a particular cost objective directly to the benefitting services. Joint costs are allocated to fundraising, management and general, and program activities on the basis of estimated time identifiable with such services.

Program Services consist of funds utilized for community building and community impact work, specifically those funds that help provide critical community resources in the areas of education, income, and health support. Such services include community grants, opportunity grants, emergency grants, mentoring, advocacy, volunteers, networking, supply drives, and other efforts.

Management and General consist of funds that are used for administering the United Way and processing donor contributions.

Fundraising expenses are for activities and events designed to create public awareness and support for the United Way's programs; principally its grant making to education, income, and health programs in the community.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Marketing Expenses
The United Way expenses the costs of marketing as incurred. Marketing expenses totaled $27,399 and $67,688 in 2023 and 2022, respectively.

Estimates
The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

Concentration of Risks
United Way receives a substantial portion of its revenue from contributions and grants. A significant reduction in these revenues, should such an event occur, would have an effect on United Way's programs and activities. Contributions and grants from Headwaters funders represent 19% and 22%, respectively, of total revenue for the year ended December 31, 2023 and 2022.

Income Tax Status
The United Way is exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. No provision for income taxes has been recorded in the financial statements because the United Way did not have any unrelated business income in 2023. With few exceptions, United Way's federal Return of Organization Exempt from Income Tax (Form 990) is not subject to examination for tax years prior to 2020.

Reclassification
Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

2. CONTRIBUTIONS RECEIVABLE

The United Way's contributions receivable are due in less than one year and are reported on the statement of financial position at unpaid principal amounts, net of an allowance account. A summary is as follows:

	2023	2022
Contributions receivable	$ 76,242	$ 83,732
Allowance	(10,000)	(10,000)
Contributions receivable, net	$ 66,242	$ 73,732

3. INVESTMENTS

A framework for measuring fair value and defining fair value is provided by GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GAAP requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. GAAP also established a fair value hierarchy prioritizing the valuation of inputs into three broad levels as described below:

Level 1 – unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.

Level 3 – significant unobservable prices or inputs where there is little or no market activity for the asset or liability at the measurement date.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The United Way's policy for determining the timing of significant transfers between Level 1 and Level 2 is at the end of the reporting period.

Marketable equity securities are stated at fair value based on quoted market prices in active markets. Mutual funds are valued at the net asset value (NAV). The NAV is based on the value of the underlying assets owned, minus its liabilities, and then divided by the number of shares held at year-end. The NAV is quoted in an active market.

3. INVESTMENTS (CONTINUED)

The cost and fair value of investments at December 31, 2023 was as follows:

	Cost or Amortized Cost	Net Unrealized Gain (Loss)	Fair Value
Cash Restricted for Investment	$ 6,701	$ -	$ 6,701
Money market	17,427	-	17,427
LEVEL 1			
Mutual Funds			
Bond funds	309,387	(26,756)	282,631
Equity funds	671,120	181,428	852,548
Total	980,507	154,672	1,135,179
TOTAL INVESTMENTS	$ 1,004,635	$ 154,672	$ 1,159,307

Net investment income for the year ended December 31, 2023 was as follows:

Interest and dividends	$ 37,830
Net realized and unrealized gains	114,128
Investment management fees	(12,147)
Net investment income	$ 139,811

The cost and fair value of investments at December 31, 2022 was as follows:

	Cost or Amortized Cost	Net Unrealized Gain (Loss)	Fair Value
Money market	$ 23,051	$ -	$ 23,051
LEVEL 1			
Mutual Funds			
Bond funds	267,638	(32,057)	235,581
Equity funds	734,726	120,197	854,923
Total	1,002,364	88,140	1,090,504
TOTAL INVESTMENTS	$ 1,025,415	$ 88,140	$ 1,113,555

3. INVESTMENTS (CONTINUED)

Net investment income for the year ended December 31, 2022 was as follows:

Interest and dividends	$	42,070
Net realized and unrealized gains		(207,034)
Investment management fees		(12,197)
Net investment income	$	(177,161)

4. PROPERTY AND EQUIPMENT

The United Way's property and equipment consisted of the following at December 31, 2023 and 2022:

	December 31, 2021	Additions	December 31, 2022
Land	$ 72,000	$ -	$ 72,000
Furniture and equipment	54,590	-	54,590
Building	369,731	-	369,731
Contstruction in Process	-	-	-
	496,321	-	496,321
Accumulated depreciation	(132,473)	(14,414)	(146,887)
Property and equipment, net	$ 363,848	$ (14,414)	$ 349,434

	December 31, 2022	Additions	December 31, 2023
Land	$ 72,000	$ -	$ 72,000
Furniture and equipment	54,590	-	54,590
Building	369,731	-	369,731
Construction in Process	-	308,486	308,486
	496,321	308,486	804,807
Accumulated depreciation	(146,887)	(10,051)	(156,938)
Property and equipment, net	$ 349,434	$ 298,435	$ 647,869

5. OPERATING LEASES

The United Way leases certain office equipment under terms of an operating lease on a month-to-month basis. Rent is determined based on usage. Total rent expense paid under this lease was $4,069 and $3,398 in 2023 and 2022, respectively, which is expected to approximate future amounts.

The United Way engaged in a lease with Missoula County Public Schools for real property. The lease was entered into August 2023 with payments due monthly in the amount of $2,533 and is set to expire in July 2028.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities as of December 31, 2023:

Fiscal Year	Amount
2024	$ 30,390
2025	30,390
2026	30,390
2027	30,390
2028	20,260
Total	$ 141,820

6. ENDOWMENT

Interpretation of Relevant Law
The Board of Directors 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 absent explicit donor stipulations to the contrary. As a result of this interpretation, the United Way classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment from donors, (b) the original value of subsequent gifts to the permanent endowment from donors, and (c) any accumulations made to the permanent endowment made in accordance with the director of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted permanent endowment fund that is not classified as with donor restrictions is classified as without donor restrictions, until those amounts are appropriated for expenditure by the United Way in a manner consistent with the standard of prudence prescribed by MUPMIFA.

6. ENDOWMENT (CONTINUED)

In accordance with MUPMIFA, the United Way considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purposes of the fund and the donor-restricted endowment fund;
- General economic conditions;
- The possible effect of inflation or deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the fund;
- The investment policies of the fund

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor, board of directors, or MUPMIFA requires the United Way to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are required to be reported in net assets without donor restrictions. There were no funds with deficiencies in 2023 and 2022

Return Objectives and Risk Parameters

The United Way has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and activities supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the United Way must hold in perpetuity or for a donor-specified period as well as board-designated endowment funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield of 5%. The United Way expects its endowment funds over time to provide a reasonable level of income to support the spending policy authorized by the Board of Directors and to grow equity assets. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the United Way 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). The United Way targets a diversified asset allocation including cash, cash equivalents, equity securities, and mutual funds to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The United Way's spending policy allows for an annual distribution up to 5% of the three-year average market value of the funds as calculated on 4 quarters ending December 31, not to exceed the average net earnings, growth, and income of the three-year period. The United Way expects its spending policy to allow the endowment to grow and to maintain the purchasing power of the endowment assets.

6. ENDOWMENT (CONTINUED)

Changes in the endowment net assets composition by fund type for the years ended December 31, 2023 and 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, January 1, 2022	$ 723,247	$ 556,402	$ 1,279,649
Investment Return			
Investment Income	42,070	-	42,070
Net Depreciation (realized and unrealized)	(201,267)	-	(201,267)
Total Investment Return	(159,197)	-	(159,197)
Contributions	-	5,300	5,300
Appropriations for Expenditures and Fees	(12,197)	-	(12,197)
Endowment Net Assets, December 31, 2022	551,853	561,702	1,113,555
Investment Return			
Investment Income	37,830	-	37,830
Net Depreciation (realized and unrealized)	13,919	-	13,919
Total Investment Return	51,749	-	51,749
Contributions	-	6,150	6,150
Appropriations for Expenditures and Fees	(12,147)	-	(12,147)
Endowment Net Assets, December 31, 2023	$ 591,455	$ 567,852	$ 1,159,307

7. LINE OF CREDIT

The United Way has a $100,000 line of credit with a bank secured by real property. The loan carries interest at 8.75% and is payable on or before October 3, 2024. As of December 31, 2023 the remaining balance was $100,000.

8. EMPLOYEE BENEFITS

The United Way participates in a SIMPLE IRA retirement plan for employees who had competed one year of service and earned at least $5,000 in compensation. The United Way contributed 2% for 2023 and 2022 of employee compensation. Employees may make elective deferrals up to the amount allowed by law. The United Way contributed $10,760 and $9,727 in 2023 and 2022, respectively.

The United Way provides health insurance for full time employees after thirty days of employment. Family coverage is available at the employee's expense. The United Way paid insurance premiums of $57,092 and paid $5,810 in health savings account fees and contributions for its employees in 2023. The United Way paid insurance premiums of $45,242 and paid $4,387 in health savings account fees and contributions for its employees in 2022.

9. RELATED PARTIES

The United Way is an affiliate of the United Way Worldwide, meeting high standards of accountability in the areas of financial reporting, governance, ethics, and operations. Membership dues attributed to United Way Worldwide totaled $13,472 and $12,928 in 2023 and 2022, respectively.

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2023 and 2022 consist of the following:

Promises to give - The United Way's promises to give are considered with donor restrictions until collected. As of December 31, 2023 and 2022, $66,242 and $73,732 represent promises to give, these amounts are included in net assets with donor restrictions.

Endowment Fund - The United Way's endowment fund contains net assets with donor restrictions at December 31, 2023 and 2022 of $567,852 and $561,702.

10. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

The United Way receives donor restricted contributions for specified purposes, unspent amounts at year end are carried forward to the next year and are considered net assets with donor restrictions. Changes in these donor restricted net assets for the years ended December 31, 2023 and 2022 are as follows:

	Special Projects					
	Missoula Child Care Advantage Program	Disaster Relief Funds	KYSSmas for Kids	Diversion Funds	Montana Black Collective Missoula	Miscellaneous Projects
Balance, January 1, 2022	$ -	45,283	$ 6,256	$ 1,713	$ -	$ -
Additions	-	-	1	-	1,951	57,954
Released	-	(11,659)	(6,256)	-	(136)	(39,864)
Balance, December 31, 2022	-	33,624	1	1,713	1,815	18,090
Additions	71,000	-	-	-	-	-
Released	-	(849)	-	-	-	-
Balance, December 31, 2023	$ 71,000	32,775	$ 1	$ 1,713	$ 1,815	$ 18,090

11. LIQUIDITY AND AVAILABILITY OF RESOURCES.

The following table presents the financial assets available for general expenditures within one year at December 31, 2023 and 2022:

	2023	2022
Financial assets at year-end		
Cash and cash equivalents	$ 122,419	$ 371,127
Accounts receivable	258,566	82,396
Contributions receivable	66,242	73,732
Investments	591,455	551,853
Endowment	567,852	561,702
Total financial assets	1,606,534	1,640,810
Less amounts not available to be used within one year		
Endowment	(567,852)	(561,702)
Financial assets available to meet general expenditures within one year	$ 1,038,682	$ 1,079,108

12. SUBSEQUENT EVENTS

During 2024 the United Way paid off its line of credit and finished the construction project on their leased with property with Missoula County Public Schools by spending an additional $171,506.

Management has evaluated subsequent events through July 24, 2024, the date the financial statements were available for issue.

SUPPLEMENTAL INFORMATION

UNITED WAY OF MISSOULA COUNTY

SCHEDULE OF 2023 CAMPAIGN REVENUE
For the Year Ended December 31, 2023

		1/1/2023 to 12/31/2023
CAMPAIGN REVENUES		
Undesignated Contributions	$	476,812
Designated Contributions (Internal)		85,183
Designated Contributions (External)		256,425
Endowment Contributions		8,243
Campaign Revenues, Gross	$	826,663
DESIGNATIONS		
Designated Contributions (from above)	$	256,425
Designation Fees		(25,643)
Designations, Net	$	230,782
Campaign Revenues, Net	$	715,837

See Independent Auditor's Report