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

FINANCIAL REPORT
(Reviewed)

DECEMBER 31, 2022

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying financial statements of the United Way of the Kearney Area, Inc. (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

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

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

Accountant's Conclusion

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

Emphasis of Matter with Respect to Change of Accounting Methods

As discussed in Note 1 to the financial statements, United Way of the Kearney Area, Inc. changed its method of reporting leases in 2022. Our conclusion is not modified with respect to this matter.

KSO CPA'S PC

KSO CPA's PC

Kearney, Nebraska
October 31, 2023

UNITED WAY OF THE KEARNEY AREA, INC.

STATEMENTS OF FINANCIAL POSITION
December 31, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 174,107	$ 208,433
Cash restricted for KADRG	5,021	5,011
Funds held at foundations	98,165	113,025
Prepaid expenses	5,201	1,698
Contributions receivable, net	178,019	197,686
Other receivables	1,673	1,673
Total current assets	$ 462,186	$ 527,526
PROPERTY AND EQUIPMENT		
Equipment	$ 47,139	$ 47,139
Less accumulated depreciation	(45,208)	(43,841)
Property and equipment, net	$ 1,931	$ 3,298
OTHER ASSETS		
ROU asset for lease of office space	$ 21,000	$ -
ROU asset for lease of office equipment	9,136	-
Total other assets	$ 30,136	$ -
Total assets	$ 494,253	$ 530,824
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 665	$ 1,590
Accrued compensated absences	4,836	4,709
Accrued payroll	1,650	902
Sales tax payable	315	470
Payroll taxes payable	3,816	4,047
Operating lease liability, current portion	16,749	-
Finance lease liability, current portion	1,867	-
Total current liabilities	$ 29,898	$ 11,718
LONG TERM LIABILITIES		
Operating lease liability, net of current portion	$ 4,251	$ -
Finance lease liability, net of current portion	7,271	-
Total long-term liabilities	$ 11,522	$ -
Total liabilities	$ 41,420	$ 11,718
NET ASSETS		
Without donor restriction	$ 226,553	$ 250,172
With donor restriction	226,280	268,934
Total net assets	$ 452,833	$ 519,106
Total liabilities and net assets	$ 494,253	$ 530,824

See notes to financial statements.

UNITED WAY OF THE KEARNEY AREA, INC.

STATEMENT OF ACTIVITIES
For the year ended December 31, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions	$ 92,493	$ 220,259	$ 312,752
Grants	-	-	-
Contributed materials and services	705	-	705
Investment income (loss), net	(14,739)	10	(14,729)
Freedom Fest, gross	35,023	-	35,023
Miscellaneous income	12,644	-	12,644
PPP Loan Forgiveness	-	-	-
Net assets released from restrictions:			
Restrictions satisfied by the passage of time	262,923	(262,923)	-
Total revenues and other support	$ 389,049	$ (42,654)	$ 346,395
EXPENSES			
Community services	$ 282,583	$ -	$ 282,583
General and administrative	55,922	-	55,922
Fundraising	74,163	-	74,163
Total expenses	$ 412,668	$ -	$ 412,668
Change in net assets	$ (23,619)	$ (42,654)	$ (66,273)
Net Assets, beginning of year	250,172	268,934	519,106
Net Assets, end of year	$ 226,553	$ 226,280	$ 452,833

See notes to financial statements.

UNITED WAY OF THE KEARNEY AREA, INC.

STATEMENT OF ACTIVITIES
For the year ended December 31, 2021

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

UNITED WAY OF THE KEARNEY AREA, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2022

	2022			
	Community Services	General and Administrative	Fundraising	Total
PERSONNEL COSTS				
Salaries and wages	$ 23,706	$ 37,094	$ 11,336	$ 72,136
Employee benefits	-	778	-	778
Payroll taxes	1,806	2,931	815	5,552
Total personnel costs	$ 25,512	$ 40,803	$ 12,151	$ 78,466
EXPENSES				
Agency funding	$ 230,441	$ -	$ -	$ 230,441
Bayer Grant project	-	-	-	-
Coats for Kids	10,691	-	-	10,691
Strategic planning	-	-	-	-
KADRG expenses	-	-	-	-
Bank charges	-	433	400	833
Supplies	564	1,232	1,120	2,916
Telephone	1,211	1,211	1,211	3,633
Postage and shipping	191	15	658	864
Insurance	885	1,769	884	3,538
Printing and publications	131	83	581	795
Rental and maintenance of equipment	1,463	580	2,486	4,529
Annual meeting expense	-	-	774	774
Prizes and awards	-	-	115	115
Occupancy	5,680	5,680	5,680	17,040
Advertising	-	-	-	-
Travel	-	-	91	91
Conferences, conventions and meetings	-	100	-	100
Professional fees	1,536	1,536	1,537	4,609
Scholarship	1,905	-	-	1,905
Membership dues and subscriptions	84	83	83	250
Community Impact grant	-	-	-	-
United Way of America dues	1,834	1,834	1,834	5,502
Campaign Kickoff expenses	-	-	6,399	6,399
Freedom Fest expenses	-	-	33,574	33,574
Amortization expense	-	99	-	99
Interest expense	-	8	-	8
Miscellaneous	-	-	4,129	4,129
Total expenses	$ 256,616	$ 14,663	$ 61,556	$ 332,835
Total personnel costs and expenses before depreciation	$ 282,128	$ 55,466	$ 73,707	$ 411,301
Depreciation	455	456	456	1,367
Total expenses	$ 282,583	$ 55,922	$ 74,163	$ 412,668
Percentage of total expense	68.5%	13.6%	18.0%	100.1%

UNITED WAY OF THE KEARNEY AREA, INC.

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

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

See notes to financial statements.

UNITED WAY OF THE KEARNEY AREA, INC.

STATEMENTS OF CASH FLOWS
For the years ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (66,273)	$ (97,402)
Adjustments to reconcile change in net assets to		
net cash provided by (used in) operating activities:		
Depreciation	1,367	1,517
Amortization	99	-
Fees on investments	1,530	1,101
Realized and unrealized (gains) and losses on investments	16,073	(13,645)
PPP loan forgiveness	-	(25,300)
(Increase) decrease in other receivables	-	(41)
(Increase) decrease in prepaid expenses	(3,503)	(77)
(Increase) decrease in contributions receivable	19,667	6,211
Increase (decrease) in accounts payable	(925)	(193)
Increase (decrease) in accrued compensated absences	127	(5,726)
Increase (decrease) in accrued payroll	748	(1,636)
Increase (decrease) in accrued and other liabilities	(386)	(1,078)
Net cash provided by (used in) operating activities	$ (31,476)	$ (136,269)
CASH FLOWS FROM INVESTING ACTIVITIES		
Equipment purchased	$ -	$ (2,242)
Finance lease principal	(97)	
Donations held at foundations	(555)	-
Reinvested interest and dividends	(2,188)	(2,566)
Net cash provided by (used in) investing activities	$ (2,840)	$ (4,808)
Net increase (decrease) in cash, cash equivalents, and restricted cash	$ (34,316)	$ (141,077)
Cash, Cash Equivalents, and Restricted Cash, beginning of year	213,444	354,521
Cash, Cash Equivalents, and Restricted Cash, end of year	$ 179,128	$ 213,444

See notes to financial statements.

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

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

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

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

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

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

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

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

	2022	2021
Cash and cash equivalents	$ 174,107	$ 208,433
Cash restricted for KADRG	5,021	5,011
Total cash, cash equivalents, and restricted cash	$ 179,128	$ 213,444

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

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

Contributed Materials and Services:
Contributed materials and services represent the estimated fair value of materials and general corporate services provided. Contributed materials amounted to $2,405 in 2022 (with $1,700 included in Freedom Fest, gross income) and $2,928 in 2021 (with $955 included in Freedom Fest, gross income). Contributed services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received either (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Advertising:
Advertising costs are expensed as incurred. Advertising expense was $0 and $845 for the years ending December 31, 2022 and 2021, respectively.

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

Leases:
At inception, the Organization determines if a contract is or includes a lease arrangement. The Organization has entered into an operating lease for the office space they occupy. As lessee under the lease agreement, the Organization recognizes a right-of-use asset and lease liability on the Statement of Financial Position and reports lease expense (occupancy) in the Statement of Functional Expenses. The Organization has entered into finance leases for the use of a copier and telephone services. As lessee under the lease agreement, the Organization recognizes a right-of-use asset and lease liability on the Statement of Financial Position. The Organization reports part of the lease payments as a reduction to the liability and part of the lease payment as interest on the Statement of Functional Expenses. Variable lease payments are reported as either rental and maintenance of equipment or telephone expense in the Statement of Functional Expenses. The right-of-use asset is amortized on a straight-line basis over the term of the lease and is reported as amortization expense on the Statement of Functional Expenses.

As a lessee, the Organization has elected to use the Daily Treasury Par Yield Curve Rate on the lease commencement date as the discount rate when there is no rate implicitly stated in the lease agreement. This election has been made on all right-of-use assets.

Income Taxes:
The United Way of the Kearney Area, Inc. is exempt from Federal income taxes under Internal Revenue Code Section 501(c)(3) and therefore has made no provision for Federal income taxes. There was no unrelated business income for years ending December 31, 2022 and 2021.

Equipment:
Equipment is capitalized if it has a useful life of more than one year and a cost in excess of $1,000. Equipment is stated at cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets. Depreciation expense for the years ended December 31, 2022 and 2021, was $1,367 and $1,517 respectively.

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

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

Change in Accounting Principle:
In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). ASU 2016-02 affects any entity that enters into a lease and is intended to increase the transparency and comparability of financial statements among organizations. ASU 2016-02 requires, among other changes, a lessee to recognize on its Statement of Financial Position a lease asset and a lease liability for those leases previously classified as operating leases. The lease asset represents the right to use the underlying asset for the lease term and the lease liability represents the discounted value of the required lease payments to the lessor. ASU 2016-02 also requires entities to disclose key information about leasing arrangements.

The Organization adopted the standard, effective for the year ended December 31, 2022, using a modified retrospective approach with the effective date option, which allows the Organization to apply the standard at the effective date, January 1, 2022, and recognize a cumulative effect adjustment to the opening balance of net assets in the period of adoption. Under this approach, the reporting for comparative periods presented in the financial statements will continue to be in accordance with legacy GAAP. As of December 31, 2021, the Organization had no leases outstanding, therefore no adjustment was necessary.

The Organization's accounting policies in Note 1 have been updated to reflect the impact of the standard. Additionally, see note 6 for further disclosure of the Organization's leasing arrangements.

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

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

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

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

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

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

Note 2. **Cash and Investments**

The United Way of the Kearney Area, Inc. maintains cash balances at several financial institutions. The Federal Deposit Insurance Corporation insures accounts at each institution up to $250,000. As of December 31, 2022, the United Way of the Kearney Area, Inc. did not have cash in excess of federally insured limits.

Cash and cash equivalents consist of the following at December 31, 2022:

Deposits at banks	$ 179,028
Cash on hand	100
Total cash and cash equivalents	$ 179,128

Note 3. **Contributions Receivable**

Contributions receivable for 2022 consists of pledges for the 2022, 2023, and the 2024 campaigns. A breakdown of the contributions receivable and the allowance for doubtful accounts is as follows:

	2022		
	Without Donor Restriction	**With Donor Restrictions**	**Totals**
Contributions Receivable	$ 42,881	$ 153,823	$ 196,704
Allowance	(8,085)	(10,600)	(18,685)
Net	$ 34,796	$ 143,223	$ 178,019

	2021		
	Without Donor Restriction	**With Donor Restrictions**	**Totals**
Contributions Receivable	$ 38,914	$ 188,051	$ 226,965
Allowance	(12,779)	(16,500)	(29,279)
Net	$ 26,135	$ 171,551	$ 197,686

Note 4. **SIMPLE Plan**

The United Way of the Kearney Area, Inc. started a Savings Incentive Match Plan for Employees (SIMPLE) plan for its employees on January 1, 2007. The employer agrees to provide matching contributions in each calendar year to the Individual Retirement Accounts (IRA's) of all eligible employees up to a limit of 3% of compensation for the year. Eligible employees are those who will receive at least $5,000 in compensation for the calendar year and who received at least $5,000 in compensation during the previous calendar year. Effective September of 2016, the plan was amended so eligible participants include all employees who are regularly scheduled to work over 20 hours per week and have completed the probationary period. Contributions to the plan for the years ending December 31, 2022 and 2021, were $778 and $2,415 respectively.

Note 5. **Long-term Debt**

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

Note 6. **Leases**

Operating Leases

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

On March 8, 2022, the Organization entered into a two-year lease with Johnson Imperial Home Company commencing on April 1, 2022, and expiring on March 31, 2024. The installment terms are the same as the original lease. The organization made month-to-month payments of $1,420 for the period not covered by a formal lease agreement (June 1, 2021 to March 31, 2022). The financial statements include lease expense of $17,040 and $17,040 for the years ended December 31, 2022 and 2021, respectively.

Financing Leases

On August 23, 2022, the Organization entered into a five-year lease with Capital Business Systems, Inc. for the use of a Canon copier, commencing on November 15, 2022. At the end of the term of the agreement, the agreement will automatically renew for an additional one-year period under the same terms unless the Organization a) provides written notice, at least 30 days prior to the end date, of their intent to return the equipment and b) timely returns the equipment to the lessor. Because the Organization is reasonably certain they will return the equipment after the initial lease term, this option was not included in determining the lease term. Payments of $148.01 plus tax are due monthly. There are monthly image allowances of 2,000 black & white copies and 102 color copies. Excess images are subject to additional charges of $0.011 per black and white image and $0.078 per color image. Because taxes and excess image charges are variable, they were not included in determining the lease payment.

Note 6. **Leases (continued)**

On August 23, 2022, the Organization entered into a three-year lease with Capital Business Systems, Inc. for the use of an Intermedia ElevatePro telephone, commencing on October 11, 2022. At the end of the term of the agreement, the agreement will automatically renew for an additional one-year period under the same terms unless the Organization a) provides written notice, at least 30 days prior to the end date, of their intent to return the equipment and b) timely returns the equipment to the lessor. Because the Organization is reasonably certain they will return the equipment after the initial lease term, this option was not included in determining the lease term or payments. Payments of $35 plus tax are due monthly. Because taxes are variable, they were not included in determining the lease payment.

The following is a schedule of future minimum lease payments:

	Lease Payment	
Year Ended 12/31	Operating	Finance
2023	$ 17,040	$ 2,196
2024	$ 4,260	$ 2,196
2025	$ -	$ 2,091
2026	$ -	$ 1,776
2027	$ -	$ 1,776

As of December 31, 2022, the weighted-average remaining lease term for operating and finance leases is 15 and 50 months respectively.

As of December 31, 2022, the weighted-average discount rate associated with operating and finance leases is 2.44 and 4.13 respectively.

Note 7. **Compensated Absences**

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

Note 8. Uncertain Tax Positions

Accounting principles generally accepted in the United States of America require the Organization to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Organization is subject to routine audits by taxing jurisdictions; however there are currently no audits for any tax periods in progress. The Organization has open tax years subject to income tax examinations for the years ending December 31, 2020, 2021, and 2022.

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

Note 9. Net Assets Classifications

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

	2022	2021
With Donor Restrictions		
Endowment fund	$ 1,000	$ 1,000
Annual campaign	220,259	262,923
Disaster recovery	5,021	5,011
	$ 226,280	$ 268,934
Without Donor Restrictions		
Board designated	$ 140,000	$ 140,000
Board designated endowment fund	45,000	45,000
Undesignated	41,553	65,172
	$ 226,553	$ 250,172

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

Note 10. **Endowment**

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

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

1) The duration and preservation of the fund;
2) The purposes of donor-restricted endowment fund;
3) General economic conditions;
4) The possible effect of inflation and deflation;
5) The expected total return from income and the appreciation of investments;
6) Other resources of the Organization; and
7) The investment policies of the Organization

Note 10. **Endowment (continued)**

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

	2022		
	Without Donor Restrictions	**With Donor Restriction**	**Totals**
Board-designated endowment funds	$ 45,000	$ -	$ 45,000
Donor-restricted endowment funds:			
Original donor restricted gift amount and amounts required to be maintained in perpetuity by donors	-	1,000	1,000
Accumulated investment gains	39,442	876	40,318
	$ 84,442	$ 1,876	$ 86,318

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

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

	2022		
	Without Donor Restrictions	**With Donor Restriction**	**Totals**
Endowment net assets, beginning of year	$ 98,061	$ 2,179	$ 100,240
Earnings on long-term investments, net of fees	(13,619)	(303)	(13,922)
Endowment net assets, end of year	$ 84,442	$ 1,876	$ 86,318

Note 10. **Endowment (continued)**

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

Funds with Deficiencies
From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NUPMIFA requires the Organization to retain as a fund of perpetual duration (underwater endowment). At December 31, 2022, there were no funds with deficiencies reported in net assets with or without donor restrictions.

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

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

Spending Policy
It shall be the general policy of the Organization that the principal amount of the endowment will not be spent but will be held in perpetuity. The endowment will pay out only interest income or gains less fees on an annual basis back to the Organization. The amount of funds available annually for grant distribution shall be determined in accordance with the distribution policy of the Kearney Area Community Foundation. Distributions will be used solely for direct expenses, administrative costs and grant awards. For the years ended December 31, 2022 and 2021, no distributions were made from the endowment fund.

Note 11. **Fair Value Measurements**

Professional standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under professional standards are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:
- (a) quoted prices for similar assets or liabilities in active markets;
- (b) quoted prices for identical or similar assets or liabilities in inactive markets;
- (c) inputs other than quoted prices that are observable for the asset or liability; and
- (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021.

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

Note 11. Fair Value Measurements (continued)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values.

Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2022 and 2021:

	Assets at Fair Value as of December 31, 2022			
	Level 1	Level 2	Level 3	Totals
Funds held by foundations	$ -	$ -	$ 98,165	$ 98,165

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

Note 12. Related Party Transactions

The Organization engaged in several related party transactions. First, one of the Organization’s board members also serves on the board for the Collage Center, a partner agency of the Organization. The Organization paid the Collage Center $12,104 in funding allocations during the year ended December 31, 2022. Another related party transaction was with a board member whose sister serves as the director of Kearney/Buffalo County CASA. The Organization paid Kearney/Buffalo County CASA $6,998 in funding allocations during the year ended December 31, 2022. The last related party was with a board member that is a professor at the University of Nebraska at Kearney. The organization paid the school $750 in scholarship money during the year ended December 31, 2022.

Note 13. **Liquidity**

Financial assets available for general expenditure within one year are as follows as of December 31, 2022 and 2021:

	2022	2021
Cash	$ 179,128	$ 213,444
Funds held at foundations	98,165	113,025
Less: donor restricted funds	(6,021)	(6,011)
Total	$ 271,272	$ 320,458

As a part of its liquidity management, the Organization has a goal to maintain financial assets on hand to meet 3 months of normal operation expenses, which would be approximately $93,213 based on the expenses at December 31, 2022. The Organization's goal is to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization does not have a line of credit to assist with liquidity management.

Note 14. **Subsequent Events**

Upon evaluation, the organization notes that there were no material subsequent events between the date of the financial statements and October 31, 2023, the date that the financial statements were issued or available to be issued.