

Financial Review of Funded Partners

United Way of Central Iowa is a community organization that works with community partners to accomplish the Goals for 2020 in the areas of Education, Income, and Health. United Way and funded partners have worked diligently to align funding relationships and investments with strategies in the Education, Income, and Health areas. Performance measures, based upon strategies, are consistently defined and reported to establish program effectiveness relative to the Goals for 2020. Strategic alignment and program effectiveness are the fundamental drivers of United Way's assessment of programs for funding decisions.

Implicit when investing in a program, United Way is also investing dollars within an organizational structure and the fundamentals of an organization need to be sound. Donors look to United Way to not only make community investments strategically where performance is known to be effective. They expect United Way to make investments wisely.

United Way is a steward who must inspire trust by not only managing our own fundamentals in a sound way but by also having a basis of assurance in the fundamentals of partners that receive United Way investments. The United Way partners are also mindful of their governance responsibilities and the need for strong financial accountability. In order to for United Way to work with their partners as a demonstration of this shared accountability within the community, please see the next sections of this document: **Guidelines for Submission of Materials** and **Fundamental Categories and Attributes** for assessment.

Guidelines for submission of Materials:

The most recently filed Form 990 information will be obtained for **all** organizations using publicly available services such as Guidestar, Charity Navigator, or the 990 Finder from the Foundation Center, [Form 990, 990 Tax Forms | Foundation Center](#). Based upon the most recently available 990:

Organizations with \$200,000 or more of total revenue and more than \$50,000 in aggregate United Way funding

- Are expected to provide an audit
- Are expected to provide a management letter with responses to auditor comments indicating a possible weakness or deficiency in internal control
- Any organization receiving federal funds of \$500,000 or more are expected to provide the A-133 governmental audit report to demonstrate compliance

If these organizations are unwilling to provide a management letter or A-133 correspondence, the organization may alternatively summarize the findings and their responses.

Organizations with \$200,000 or more of total revenue and less than \$50,000 in aggregate United Way funding

- An audit is requested and providing it, if available, is strongly encouraged but not required
- A management letter with responses to auditor comments is requested but not required
- The A-133 governmental audit report is requested but not required

Other Organizations

- Governmental organizations and affiliates are exempted due to their public affiliation and oversight
- Local organizations that are branch offices of large regional and national organizations will be reviewed on a case-by-case basis
- Other organizations (*currently about 10% of funded organizations*) falling below the review thresholds set out above will be considered on a case-by-case basis.

Fundamental Categories and Attributes

The attributes were established from four fundamental areas:

- (1.) Sustainability,
- (2.) Efficiency,
- (3.) Governance, and
- (4.) Independent audits.

The attributes by fundamental category are shown in the following table with a range of values or another form of information that can be used as an indicator for assessment. A partner's financial result is reviewed to determine whether it falls within the range shown or meets the other condition described. After obtaining partner results for all twenty attributes described below, United Way determines the number of attributes where there might be questions regarding one or more result. Questions might arise depending upon the number of attributes outside the preferred range or the degree outside the range. Just because one or more attribute is outside of the range does not necessarily mean United Way will have ongoing questions.

In some cases United Way may indicate the financial assessment of the agency resulted in a "red" flag. A red flag is not meant to be suggestive of a predetermined negative judgment or implication as to the partner's financial management or financial condition. A red flag will indicate that there will be contract stipulations in upcoming funding agreements to establish data to be shared by the agency with United Way and possible follow up in a meeting to help United Way better understand the partner's current circumstances regarding one or more attributes. If United Way's findings might possibly bring new insight to the partner and the partner would like to spend time exploring any technical assistance United Way might offer on the findings, United Way will work to support those requests.

Attribute	Preferred Range or Value
Sustainability Attributes:	
Debt Payment/Covenants - current	Yes or not applicable
Use of Line of Credit	No
Use of Endowment	No
Working Capital Ratio – using 990 (Unrestricted+Temp restricted net assets) / Total Expense	Greater than or equal to 75%
Change in Net Asset: Deficit – using 990 (Change in Net Asset / Working Capital, see above)	Greater than or equal to 14%
Liability Ratio – using 990 (Total Liabilities / Working Capital, see above)	Less than 50%, adjusted for capital intensive organizations
Efficiency Attributes:	
Revenue Growth – using 990 ((Total Revenue current year/ Total revenue prior year)-1)	Greater than or equal to 0
Program Expense Ratio – using 990 (Program expense / Total expense)	Greater than or equal to 75%
United Way Funding to Total Revenue – using 990 (United Way Funding / Total revenue)	Less than 25%
Governance Attributes:	
CEO Salary Ratio – using 990 (CEO Salary /Total Revenue)	Less than 10%
Independent Board – using 990	100%
Paid Board Members – using 990	No
Loans to officers, directors, key employees – using 990	No
Material diversion of assets – using 990	No
Media findings – based upon web searches	No
Audit Attributes:	
Audit Opinion - unqualified	Yes
GAAP Financial Statements	Yes
A-133 Reportable Conditions	No
Management Letter Comments	None
Problems pulling information – see note	No

Appeal Process for UWCI funding decisions

- I. An agency may appeal a United Way action involving an investment, probation, funding suspension or de-funding by
 - a) submitting a written statement to the United Way President or the Chair of the applicable Cabinet (Education, Income or Health Cabinet) within 10 working days of receiving notice from United Way.
 - b) The appeal statement should include the following, limited to four (4) pages in length, including additional, related documentation:
 - i. identification of the agency and program for which review is sought
 - ii. statement of decision being appealed
 - iii. rationale and supporting data for the appeal
 - iv. evidence that the appeal was discussed and approved by the agency's board chair or suitable representative
- II. The appeal review shall be held by a United Way volunteer subcommittee within ten (10) calendar days of receipt of a request for appeal.
 - a) The United Way President or Cabinet Chair shall name three (3) individuals to comprise the appeal review subcommittee.
 - b) Individuals assigned should be members of the appropriate Cabinet, and/or United Way Board members.
 - c) The Cabinet Chair or President will serve as an ex-officio member of the appeal review subcommittee.
- III. After the subcommittee reviews the written appeal statement, the subcommittee may also request a brief oral presentation by agency representatives.
- IV. The United Way appeal review subcommittee shall determine and develop a recommendation to be reviewed by the United Way Executive Committee or Board of Directors, which will render the final decision.
- V. The agency shall be notified, in writing, of the final decision within ten (10) calendar days of the review. The written decision will state the reasons and rationale behind the decision.