



A Statement of Explanation Regarding Overhead Expenses for United Way of Central and Southern Utah

1/29/2025

All nonprofits have overhead expenses, including the United Way. To provide ongoing sustainable services to those most vulnerable in our communities, a credible local volunteer lead organization needs to be functioning. United Way was created some 60 years ago by community leaders to meet that need. However, to be nonprofit should not mean nonprofessional. To gain the trust of corporations and individuals year after year so they will donate takes local volunteer oversight, professional staff and sufficient funds to operate. Unique to this United Way, the low administrative expense is funded by corporate and additional revenue sources. No individual donor funds are used to pay these costs.

Stated below are the financial statements of United Way of Central and Southern Utah (United Way) which have been prepared by the auditors on the accrual basis of accounting. The annual audit is prepared by Squire & Company, a Utah County based CPA firm. The following statements are basically from their annual audit:

The primary objective of United Way is to increase the organized capacity of people to care for one another. This is done through fund raising campaigns for donations that are managed and distributed to internal programs as well as nonprofit agencies affiliated with United Way.

United Way is incorporated in the state of Utah and exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue. United Way is not classified as a private foundation. Also, United Way is not subject to state income taxes.

Contributions received are recorded as unrestricted support when the unconditional promise to give is made. All contributions receivable are due within one year. The allowance for uncollectable contributions (individuals not employed where pledges were made or unable to pay donation) is estimated based on historical collection experience.

Management and general expenses include those expenses that are not directly identifiable with any specific program, but provide overall support and direction of United Way.

The costs of providing program and other activities are summarized on a functional basis in the statement of activities. Directly identifiable expenses are charged to program and other activities and indirect expenses are allocated to one or more program or supporting functions based on estimated

time and effort or square footage used. Such allocations are determined by management on an equitable basis.

The following is a description of the functional areas:

EveryDay Learners (Education) – includes funding of internal and community partners’ programs that provide free home visitations to first-time parents, provide basic necessities, and support early intervention programs.

EveryDay Strong (Health) – includes funding of internal and community partners’ programs that help create a healthier Utah County through promoting health education and preventative care, reducing child abuse and domestic violence, and providing access to critical healthcare services.

Resource Development – includes recruitment, training, employee meetings, mailings, brochures, pledge cards, promotional materials, company visits, or other activities related to the raising of funds.

Management and General – includes board meetings, executive direction and planning, personnel and office management, accounting and bookkeeping, and file maintenance

Management and General expenses and Fund-Raising expense combined make up the audited administrative cost to operate the United Way, which has averaged between a low 11% and 13% over the past few years. This low percentage is determined by going to the IRS 990 and dividing the total revenue (line 12) into the management & General and fundraising cost (line 25). Many nonprofits use various methods to determine their % of overhead. The United Way uses the official IRS 990 financial figures, which is audited and consistent.