

**UNITED WAY OF NORTHEASTERN MINNESOTA, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED MARCH 31, 2020 AND 2019**

**UNITED WAY OF NORTHEASTERN MINNESOTA, INC.  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
United Way of Northeastern Minnesota, Inc.  
Chisholm, Minnesota

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

We have audited the accompanying financial statements of United Way of Northeastern Minnesota, Inc., which comprise the statements of financial position as of March 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Directors  
United Way of Northeastern Minnesota, Inc.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Northeastern Minnesota, Inc., as of March 31, 2020 and 2019, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedule of program services 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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

St. Cloud, Minnesota  
July 21, 2020

**UNITED WAY OF NORTHEASTERN MINNESOTA, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**MARCH 31, 2020 AND 2019**

<b>ASSETS</b>	2020	2019
Cash	\$ 516,145	\$ 330,729
Cash - Deposits Held for Others	53,683	46,450
Investments	329,769	323,946
Contributions Receivable, Less Allowance for Uncollectibles of \$75,000 and \$50,000 for 2020 and 2019 respectively	461,382	581,947
Prepaid Expenses	512	512
Property and Equipment, Net	1,117,368	1,154,855
Funds Held by Foundation	1,102,785	1,246,199
Funds Held by Lincoln Financial	33,378	33,678
Total Assets	\$ 3,615,022	\$ 3,718,316
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Allocation and Designations Payable	\$ 287,250	\$ 392,898
Deposits Held for Others	53,683	46,450
Accounts Payable	20,967	15,159
Capital Lease Payable	7,224	9,096
Total Liabilities	369,124	463,603
<b>NET ASSETS</b>		
Without Donor Restrictions - Designated:		
Property and Equipment	1,110,144	1,145,759
Funds Held by Foundation	1,102,785	1,246,199
Without Donor Restrictions - Undesignated	1,010,670	828,443
With Donor Restrictions	22,299	34,312
Total Net Assets	3,245,898	3,254,713
Total Liabilities and Net Assets	\$ 3,615,022	\$ 3,718,316

See accompanying Notes to Financial Statements.

**UNITED WAY OF NORTHEASTERN MINNESOTA, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED MARCH 31, 2020 AND 2019**

	2020	2019
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>PROGRAM SUPPORT AND REVENUE</b>		
Gross Campaign Results	\$ 1,048,206	\$ 997,145
Less: Donor Designations	(8,235)	(12,974)
Less: Provision for Uncollected Accounts	(54,083)	(103,367)
Net Campaign Revenue	985,888	880,804
Contribution Income	33,058	200,000
Initiative Contributions	265,373	128,828
Gifts in Kind - Good 360	169,580	190,151
Special Events	229,480	272,716
Total Public Support	1,683,379	1,672,499
Investment Income	5,599	4,601
Change in Funds Held by Foundation	(92,263)	21,560
Gain on Disposal of Property and Equipment	-	212
Grants	-	35,000
Release from Restrictions	34,312	394,363
Total Revenue	1,631,027	2,128,235
<b>ALLOCATIONS AND EXPENSES</b>		
Allocations and Program Services:		
Gross Allocations to Agencies for Programs	313,610	421,475
Less: Donor Designations	(8,235)	(12,974)
Net Allocations Awarded	305,375	408,501
Initiative Distributions	482,698	469,837
Gifts in Kind Distributions	179,500	192,533
Contributions	-	84,546
Program Services	416,094	389,685
Total Allocations and Program Services	1,383,667	1,545,102
Supporting Services:		
Management and General	98,980	94,918
Fundraising	145,182	189,074
Total Allocations and Expenses	1,627,829	1,829,094
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	3,198	299,141
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	22,299	223,626
Initiative Contributions	-	112,749
Release from Restrictions	(34,312)	(394,363)
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	(12,013)	(57,988)
<b>CHANGE IN NET ASSETS</b>	(8,815)	241,153
<b>NET ASSETS</b>		
Beginning of Year	3,254,713	3,013,560
End of Year	\$ 3,245,898	\$ 3,254,713

See accompanying Notes to Financial Statements.

**UNITED WAY OF NORTHEASTERN MINNESOTA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED MARCH 31, 2020**

	Program Services	Management and General	Fundraising	Total
Gross Allocations to Agencies for Programs	\$ 313,610	\$ -	\$ -	\$ 313,610
Less: Donor Designations	(8,235)	-	-	(8,235)
Net Allocation Awarded	305,375	-	-	305,375
Special Events	-	-	47,274	47,274
Initiative Distributions	482,698	-	-	482,698
Gifts in Kind - Good 360 Distributions	179,500	-	-	179,500
Salaries	243,659	57,332	57,332	358,323
Payroll Taxes	19,982	4,702	4,702	29,386
Employee Benefits	44,421	10,452	10,452	65,325
Total Salaries and Related Expenses	308,062	72,486	72,486	453,034
Telephone	5,337	1,256	1,256	7,849
Supplies	1,487	350	350	2,187
Travel	4,151	977	977	6,105
Postage	721	170	170	1,061
Campaign Supplies	12,307	2,896	2,896	18,099
Professional Fees	12,422	2,923	2,923	18,268
Equipment Maintenance	2,080	489	489	3,058
Occupancy	17,824	4,194	4,194	26,212
Equipment Purchase	1,852	436	436	2,724
Business and Special Meetings	937	220	220	1,377
Training	3,214	756	756	4,726
Miscellaneous	2,237	1,601	528	4,366
Membership Dues	12,811	3,014	3,014	18,839
Depreciation	30,652	7,212	7,213	45,077
Total Allocations and Expenses	<u>\$ 1,383,667</u>	<u>\$ 98,980</u>	<u>\$ 145,182</u>	<u>\$ 1,627,829</u>

See accompanying Notes to Financial Statements.

**UNITED WAY OF NORTHEASTERN MINNESOTA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED MARCH 31, 2019**

	Program Services	Management and General	Fundraising	Total
Gross Allocations to Agencies for Programs	\$ 421,475	\$ -	\$ -	\$ 421,475
Less: Donor Designations	(12,974)	-	-	(12,974)
Net Allocation Awarded	408,501	-	-	408,501
Special Events	-	-	97,385	97,385
Contributions	84,546	-	-	84,546
Initiative Distributions	469,837	-	-	469,837
Gifts in Kind - Good 360 Distributions	192,533	-	-	192,533
Salaries	230,725	54,288	54,288	339,301
Payroll Taxes	18,379	4,324	4,324	27,027
Employee Benefits	45,604	10,730	10,730	67,064
Total Salaries and Related Expenses	294,708	69,342	69,342	433,392
Telephone	4,294	1,010	1,010	6,314
Supplies	1,828	430	430	2,688
Travel	5,118	1,204	1,204	7,526
Postage	1,044	246	246	1,536
Campaign Supplies	8,794	2,069	2,069	12,932
Professional Fees	11,520	2,711	2,711	16,942
Equipment Maintenance	2,166	510	510	3,186
Occupancy	15,647	3,682	3,682	23,011
Equipment Purchase	4,253	1,001	1,001	6,255
Business and Special Meetings	1,999	470	470	2,939
Training	1,926	453	453	2,832
Miscellaneous	1,336	3,543	314	5,193
Membership Dues	11,630	2,736	2,736	17,102
Depreciation	23,422	5,511	5,511	34,444
Total Allocations and Expenses	<u>\$ 1,545,102</u>	<u>\$ 94,918</u>	<u>\$ 189,074</u>	<u>\$ 1,829,094</u>

See accompanying Notes to Financial Statements.



**UNITED WAY OF NORTHEASTERN MINNESOTA, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED MARCH 31, 2020 AND 2019**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (8,815)	\$ 241,153
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	45,077	34,444
Property Transfer	-	88,446
Change in Beneficial Interest in Assets Held by Others	143,714	25,682
Noncash Fixed Asset Additions	-	(206,450)
Loss on the Sale of Fixed Assets	-	212
Restricted Contributions for Use on Fixed Assets	(11,500)	(258,626)
Decrease in Contributions Receivable	120,565	4,020
Increase (Decrease) in Liabilities:		
Allocations Payable and Designated Pledges	(105,648)	(73,436)
Accounts Payable	5,808	(6,724)
Retirement Plan Liability	-	(1,299)
Deposits Held for Others	7,233	4,095
Net Cash Provided (Used) by Operating Activities	196,434	(148,483)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(56,974)	(114,132)
Proceeds on Sale of Investments	51,151	216,669
Purchase of Property and Equipment	(7,590)	(438,662)
Net Cash Used by Investing Activities	(13,413)	(336,125)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Restricted Contributions for Use on Fixed Assets	11,500	258,626
Payments on Capital Lease	(1,872)	(3,522)
Net Cash Provided by Financing Activities	9,628	255,104
<b>NET INCREASE (DECREASE) IN CASH</b>	192,649	(229,504)
Cash - Beginning of Year	377,179	606,683
<b>CASH - END OF YEAR</b>	\$ 569,828	\$ 377,179
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash	\$ 516,145	\$ 330,729
Cash - Deposits Held for Others	53,683	46,450
Total Cash	\$ 569,828	\$ 377,179
Property and Equipment Acquired through a Capital Lease	\$ -	\$ 10,406

See accompanying Notes to Financial Statements.

**UNITED WAY OF NORTHEASTERN MINNESOTA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

United Way of Northeastern Minnesota, Inc. (the Organization) is a nonprofit organization whose mission is to unite and focus the communities of Northeastern Minnesota in creating measurable results to improve people's lives and strengthen families. To help fulfill this mission, the Organization coordinates numerous special events and also conducts an annual fundraising campaign, where pledges are received from both corporations and individuals. It is governed by a volunteer board of directors drawn from throughout the community, with a separate advisory board in Koochiching County. A summary of the Organization's significant accounting policies follows:

**Basis of Presentation**

The financial statements of United Way of Northeastern Minnesota, Inc., have been prepared on the accrual basis of accounting. Receipts are recorded as an increase in net assets with or without donor restriction depending on the existence or nature of any donor imposed restrictions. Accordingly, net assets of the Organization and changes therein, are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for equipment and funds held by foundation.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and release from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Released from Restrictions.

**Use of 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.

**UNITED WAY OF NORTHEASTERN MINNESOTA, INC.  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2020 AND 2019**

**NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments**

Investments consist of certificates of deposit which are recorded at cost which approximates fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment income or loss, including gains and losses on investments and interest and dividends, is included in the statement of activities as increases or decreases in net assets without donor restriction unless the income is restricted by donor or law.

**Contributions Receivable**

All contributions receivable are due in less than one year. Management determines the allowance for uncollectible accounts by using historical collection experience applied to pledges received by the Organization and by identifying troubled accounts. Contributions receivable are written off when deemed uncollectible. Recoveries of contributions receivable previously written off are recorded when received. Conditional promises to give are not included as support until the conditions are substantially met.

**Property and Equipment and Depreciation**

The Organization capitalizes all expenditures of property and equipment with a useful life of greater than one year and a unit cost equal to or greater than \$1,000. Property and equipment are recorded at cost, or in the case of contributed property, at the fair value at the date of contribution. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of office equipment are recorded as net assets without donor restriction.

Expenditures for renewals and improvements are capitalized while the cost of maintenance and repairs is charged to expense as incurred. When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts and any resulting gain or loss is reflected in income for the period.

Depreciation is determined using the straight-line method over the estimated useful lives, which ranges from 5 – 30 years.

	2020	2019
Equipment	\$ 86,512	\$ 78,921
Building	493,550	493,550
Building Improvements	630,817	630,817
Less: Accumulated Depreciation	(93,511)	(48,433)
Net Property and Equipment	<u>\$ 1,117,368</u>	<u>\$ 1,154,855</u>

**Allocations and Designations Payable**

Allocations and designations payable are campaign contributions received by the Organization from the annual campaign that will be distributed to various agencies.

**UNITED WAY OF NORTHEASTERN MINNESOTA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deposits Held for Others**

Deposits held for others are monies received by the Organization as a result of managing funds received for the Cancer Walk and Serenity House. When funds are received, they are held in cash and recorded as a liability. Substantially all monies received are distributed as instructed by the Cancer Walk's governance committee and Serenity House's board of directors, which reduces the liability.

**Revenue Recognition**

Revenue is recognized as the performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided and the Organization does not believe they are required to provide additional goods or services to the client.

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets.

**Gifts in Kind – Good 360**

Gifts in kind consist of donated materials which are reflected as in-kind contributions at their estimated value at the date of receipt. Donated services are recognized to the extent that such services meet specific criteria with respect to creating or enhancing nonfinancial assets or services which require specialized skills. A substantial number of volunteers have donated significant amounts of time to the Organization's programs and fundraising campaigns which did not meet the criteria for recognition in the accompanying financial statements.

**Functionalized Expenses**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimate of time, effort, and percentage of total revenues under the category of which the expenditures are coded.

**Concentration of Credit Risk**

Cash includes FDIC insured amounts on deposit at a financial institution which may at times exceed the federally insured amount. The Organization periodically evaluates the risk of exceeding insurance levels and may transfer funds as it deems appropriate.

**UNITED WAY OF NORTHEASTERN MINNESOTA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Tax Status**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state income tax laws. The Organization is not a private foundation and contributions to the Organization qualify as a charitable tax deduction by the contributor.

Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that required adjustment to the financial statements.

**Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 21, 2020, the date the financial statements were available to be issued.

**Effect of Economic Conditions on Contributions**

The Organization depends on contributions for a significant portion of its revenue. The ability of the Organization's contributors to continue giving amounts comparable with prior years may be dependent upon future economic conditions and continued deductibility for income tax purposes of contributions to the Organization.

While the Organization's board of directors and management believe the Organization has the resources to continue its programs, its ability to do so and the extent to which it continues may be dependent on the above factors.

**Change in Accounting Principles**

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB has issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The financial statements reflect the application of ASC 606 guidance beginning in fiscal year 2019. No cumulative-effect adjustment in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the Organization's reported historical revenue.

Additionally, ASU 2018-08 was issued to clarify accounting guidance for contributions received and contributions made.

**UNITED WAY OF NORTHEASTERN MINNESOTA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Change in Accounting Principles (continued)**

The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as an exchange (reciprocal) transaction subject to other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning April 1, 2019. The new guidance does not require prior period results to be restated.

In November 2016, FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230) Restricted Cash*. This ASU was issued to clarify guidance on the classification and presentation of restricted cash in the statement of cash flows and reduce diversity in practice.

The amendments of this ASU require that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and restricted cash or restricted cash equivalents. Therefore, restricted cash and restricted cash equivalents are included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statements of cash flows. The financial statements reflect the application of ASU 2016-18 using a retrospective approach to each period presented.

**NOTE 2 FUNDS HELD BY FOUNDATION**

United Way of Northeastern Minnesota, Inc. has established the United Way of Northeastern Minnesota Forever Fund at the Minnesota Community Foundation. Pursuant to the terms of the agreement establishing this fund, property contributed to Minnesota Community Foundation is held as a separate fund designated for the benefit of United Way of Northeastern Minnesota, Inc. In accordance with its spending policy, the Foundation makes annual distributions from the Fund to United Way of Northeastern Minnesota, Inc.

The portion of the Fund contributed by the Organization is reported as an asset of the Organization. The Organization has granted variance power to the Foundation. This variance power allows the Foundation to move funds received directly by the Foundation from the Fund to other Foundation endowment funds if deemed appropriate. The net income of the Fund shall be distributed at least annually to the Organization. The fund is recorded at fair value, which is estimated as the fair value of the underlying Fund assets. The valuation technique used by the Organization is a Level 3 measure.

**UNITED WAY OF NORTHEASTERN MINNESOTA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**NOTE 3 ALLOCATIONS AND DESIGNATIONS PAYABLE**

	2020	2019
Community Care Allocation Payable	\$ 279,015	\$ 379,924
Donor Designated Pledges	8,235	12,974
Total	<u>\$ 287,250</u>	<u>\$ 392,898</u>

The Organization receives various donor pledges that are designated for specific beneficiaries. The Organization is considered an agent for the donor-designated beneficiaries and, as such, records amounts received from the donor as a liability to the designated beneficiaries. The donor-designated pledges are not included in revenue of the Organization. During the years ended March 31, 2020 and 2019, the Organization raised \$8,235 and \$12,974, respectively, of donor-designated pledges, of which amounts due to the designated beneficiaries are included in the above table.

**NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purposes:

	2020	2019
Crisis Fund	\$ -	\$ 34,312
Building Fund	2,299	-
Sales Force Software	20,000	-
Total Net Assets With Donor Restrictions	<u>\$ 22,299</u>	<u>\$ 34,312</u>

**NOTE 5 ALLOCATIONS TO AGENCIES**

Allocations awarded and payable to agencies were as follows:

	2020	2019
Advocates for Family Peace	\$ 18,350	\$ 17,000
AEOA Elder Services Network	-	4,000
American Red Cross	-	5,000
Angel Fund	5,000	4,800
ARC Range Chapter	-	7,500
Area Food Shelves	20,000	20,000
Arrowhead Center - Adolescent Meals	10,400	10,000
Boy Scouts/Voyageur Area Council	-	4,000
Camp Chicagami	14,000	14,000
Care Partners	18,200	19,000
Ely Community Health Center	7,500	7,000
Ely Community Resource	5,000	10,400
Floodwood Services and Training	-	8,000
Foster Grandparent Program	-	2,500
Girl Scouts Leadership Pathways	-	4,000
Habitat for Humanity - NSLC	-	24,000

**UNITED WAY OF NORTHEASTERN MINNESOTA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**NOTE 5 ALLOCATIONS TO AGENCIES (CONTINUED)**

	2020	2019
Hibbing Kinship Mentoring Program	\$ 8,800	\$ 8,800
LSS Family Resource Center	-	27,500
Mesabi Family YMCA	-	7,000
Northwoods Care Partners	22,000	20,000
Project Care	18,000	19,000
Range Transitional Housing	35,000	35,000
Salvation Army - Hibbing	12,600	12,000
Salvation Army - Virginia	8,200	7,000
Second Harvest N. Lake Food Bank	25,000	15,000
Serve MN	6,200	6,500
Sexual Assault Program of NSLC	25,000	25,000
Support Within Reach (Itasca AASA)	5,000	4,000
SWOP - Summer Work Outreach Project	-	2,500
Volunteers in Education	16,000	15,000
Other Distributions	6,218	12,975
Iron Range Allocations	286,468	378,475
Falls Hunger Coalition	4,000	5,000
Friends Against Abuse	5,000	10,000
Koochiching Aging Options	3,000	4,000
Salvation Army	15,000	23,000
Servants of Shelter	-	1,000
Koochiching Allocations	27,000	43,000
Total Community Care Allocations	313,468	421,475
Smiles Across Minnesota	28,685	22,613
Imagination Library	66,728	72,115
Buddy Backpack	200,349	186,232
United for Veterans	60,868	61,088
Bright Beginnings	-	6,394
Bright Beginnings - Childcare Expansion Grants	90,000	63,174
Meet Up and Chow Down	3,789	2,781
EFSP Emergency Shelter	-	5,058
Bridges Out of Poverty	-	15,834
Child Care Technical Assistance Fund	-	3,355
Read for the Record	515	749
Food Disbursements	27,430	24,803
Kids Hygiene Kits	4,334	5,641
Total Initiatives Distributions	482,698	469,837
Total Agency Allocations	\$ 796,166	\$ 891,312

These amounts do not include contributions that donors have designated for a specific beneficiary.



**UNITED WAY OF NORTHEASTERN MINNESOTA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**NOTE 6 RETIREMENT PLAN**

The Organization has a Simple IRA plan qualified under Section 408 of the Internal Revenue Code (IRC) for all employees who meet certain eligibility requirements. The Organization contributed \$9,563 and \$8,346 to the Plan during the years ended March 31, 2020 and 2019, respectively. Employees may also elect to make salary deferral contributions to the plan generally up to a maximum amount allowed by the IRC limits.

**NOTE 7 FAIR VALUE MEASUREMENTS**

The Organization reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value.

This hierarchy, established by accounting principles generally accepted in the United States of America, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

*Level 1* – Quoted prices for identical assets or liabilities in active markets to which the Organization has access at the measurement date.

*Level 2* – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets in markets that are not active;
- observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
- inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

*Level 3* – Unobservable inputs for the asset or liability should be used to measure the fair value to the extent that observable inputs are not available.

The Organization's investments at fair value, which is comprised of Funds held at Lincoln Financial and Minnesota Community Foundation, as of March 31, 2020 and 2019 are as follows:

	2020			
	Level 1	Level 2	Level 3	Total
Funds Held at Lincoln Financial	\$ 33,378	\$ -	\$ -	\$ 33,378
Minnesota Community Foundation	-	-	1,102,785	1,102,785
	2019			
	Level 1	Level 2	Level 3	Total
Funds Held at Lincoln Financial	\$ 33,678	\$ -	\$ -	\$ 33,678
Minnesota Community Foundation	-	-	1,246,199	1,246,199

**UNITED WAY OF NORTHEASTERN MINNESOTA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)**

Changes in Level 3 assets at the Minnesota Community Foundation for the fiscal year ended March 31, 2020 and 2019, are as follows:

	<u>2020</u>	<u>2019</u>
Beginning of Year	\$ 1,246,199	\$ 1,275,305
Distributions	(51,151)	(50,666)
Investment Return	(92,263)	21,560
End of Year	<u>\$ 1,102,785</u>	<u>\$ 1,246,199</u>

**NOTE 8 COMMITMENTS**

In July 2018, the Organization entered into a capital lease agreement for a term of five years.

The cost of the copier under the capital lease was \$10,406 and the corresponding accumulated depreciation was \$3,642 at March 31, 2020. Depreciation on the copier under the capital lease is included in depreciation expense.

Future capital lease payments, including interest, are as follows:

<u>Year Ending March 31,</u>	<u>Amount</u>
2021	\$ 2,532
2022	2,532
2023	2,532
2024	633
Total Minimum Lease Payments	<u>8,229</u>
Less: Amount Representing Interest on Capital Lease Payable	(1,005)
Net Minimum Capital Lease Payable	<u>\$ 7,224</u>

**NOTE 9 CONCENTRATIONS**

Two organizations account for approximately 51% of gross campaign results revenue for the year ended March 31, 2020.

Three organizations account for approximately 65% of net contributions receivable as of March 31, 2020.

Two organizations account for approximately 54% of gross campaign results revenue for the year ended March 31, 2019.

Two organizations account for approximately 67% of net contributions receivable as of March 31, 2019.

**UNITED WAY OF NORTHEASTERN MINNESOTA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020 AND 2019**

**NOTE 10 INFORMATION REGARDING LIQUIDITY AND AVAILABILITY**

The Organization strives to maintain liquid financial assets sufficient to cover 180 days of general expenditures. Financial assets in excess of daily cash requirements are invested in certificates of deposit, money market funds, and the United Way of Northeastern Minnesota Forever Fund at the Minnesota Community Foundation.

Investments with liquidity horizons greater than one year include funds invested in certificates of deposit and the United Way of Northeastern Minnesota Forever Fund. The Organization has access to the certificates of deposit if needed, but would pay a penalty for early withdrawal. The funds held at the United Way of Northeastern Minnesota Forever Fund can be withdrawn up to 20% per year if needed, however the Organization's intention is to only withdraw the earnings and interest each year.

The following table reflects the Organization's financial assets as of March 31, 2020 and 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations.

	2020	2019
Cash	\$ 516,145	\$ 330,729
Contributions Receivable, Net	461,382	581,947
Funds Held by Lincoln Financial	33,378	33,678
Investments	329,769	323,946
Total Financial Assets	<u>1,340,674</u>	<u>1,270,300</u>
Net Assets With Donor Restriction	(22,299)	(34,312)
Total Financial Assets, Net	<u>\$ 1,318,375</u>	<u>\$ 1,235,988</u>

**NOTE 11 RISKS AND UNCERTAINTIES**

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2021 operations and financial results, including restrictions on the organization by the governor, additional costs to the Organization, investment performance and potential loss of revenue due to reduction in certain revenue streams. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

Subsequent to year-end, the Organization received a loan in the amount of \$52,850 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the federal Paycheck Protection Program. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.

**UNITED WAY OF NORTHEASTERN MINNESOTA, INC.**  
**PROGRAM SERVICES**  
**YEAR ENDED MARCH 31, 2020**  
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>Allocating</u>	<u>Planning</u>	<u>Other</u>	<u>Total</u>
Salaries	\$ 77,971	\$ 77,971	\$ 87,717	\$ 243,659
Payroll Taxes	6,394	6,394	7,194	19,982
Employee Benefits	14,215	14,215	15,991	44,421
Total Salaries and Related Expenses	<u>98,580</u>	<u>98,580</u>	<u>110,902</u>	<u>308,062</u>
Telephone	1,708	1,708	1,921	5,337
Supplies	476	476	535	1,487
Travel	1,328	1,328	1,495	4,151
Postage	231	231	259	721
Campaign Supplies	3,938	3,938	4,431	12,307
Professional Fees	3,975	3,975	4,472	12,422
Equipment Maintenance	666	666	748	2,080
Occupancy	5,704	5,704	6,416	17,824
Equipment Purchase	593	593	666	1,852
Business and Special Meetings	300	300	337	937
Training	1,028	1,028	1,158	3,214
Miscellaneous	716	716	805	2,237
Membership Dues	4,100	4,100	4,611	12,811
Depreciation	9,809	9,809	11,034	30,652
Total	<u>\$ 133,152</u>	<u>\$ 133,152</u>	<u>\$ 149,790</u>	<u>\$ 416,094</u>

**UNITED WAY OF NORTHEASTERN MINNESOTA, INC.**  
**PROGRAM SERVICES**  
**YEAR ENDED MARCH 31, 2019**  
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>Allocating</u>	<u>Planning</u>	<u>Other</u>	<u>Total</u>
Salaries	\$ 73,832	\$ 73,832	\$ 83,061	\$ 230,725
Payroll Taxes	5,881	5,881	6,617	18,379
Employee Benefits	14,593	14,593	16,418	45,604
Total Salaries and Related Expenses	<u>94,306</u>	<u>94,306</u>	<u>106,096</u>	<u>294,708</u>
Telephone	1,374	1,374	1,546	4,294
Supplies	585	585	658	1,828
Travel	1,638	1,638	1,842	5,118
Postage	334	334	376	1,044
Campaign Supplies	2,814	2,814	3,166	8,794
Professional Fees	3,686	3,686	4,148	11,520
Equipment Maintenance	693	693	780	2,166
Occupancy	5,007	5,007	5,632	15,647
Equipment Purchase	1,361	1,361	1,531	4,253
Business and Special Meetings	640	640	720	1,999
Training	616	616	694	1,926
Miscellaneous	428	428	480	1,336
Membership Dues	3,722	3,722	4,186	11,630
Depreciation	7,495	7,495	8,432	23,422
	<u>7,495</u>	<u>7,495</u>	<u>8,432</u>	<u>23,422</u>
Total	<u>\$ 124,699</u>	<u>\$ 124,699</u>	<u>\$ 140,287</u>	<u>\$ 389,685</u>