

UNITED WAY OF NORTHEASTERN MINNESOTA

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED MARCH 31, 2023 AND 2022



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**UNITED WAY OF NORTHEASTERN MINNESOTA
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INDEPENDENT AUDITORS' REPORT

Board of Directors
United Way of Northeastern Minnesota
Chisholm, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of United Way of Northeastern Minnesota (a nonprofit organization), which comprise the statements of financial position as of March 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 financial statements referred to above present fairly, in all material respects, the financial position of United Way of Northeastern Minnesota as of March 31, 2023 and 2022, and the results of its operations 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of United Way of Northeastern Minnesota, 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 United Way of Northeastern Minnesota's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 auditors' 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 Northeastern Minnesota's internal controls. 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 Northeastern Minnesota'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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.



CliftonLarsonAllen LLP

Monticello, Minnesota
November 14, 2023

**UNITED WAY OF NORTHEASTERN MINNESOTA
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2023 AND 2022**

	2023	2022
ASSETS		
Cash	\$ 929,330	\$ 1,351,535
Cash - Deposits Held for Others	41,080	45,663
Investments	644,080	333,484
Contributions Receivable, Less Allowance for Uncollectibles of \$75,000 for 2022 and 2021	510,144	369,564
Prepaid Expenses	4,939	10,693
Property and Equipment, Net	988,888	1,035,128
Funds Held by Foundation	1,340,303	1,461,883
Funds Held by Lincoln Financial	46,639	49,235
Right of Use Asset - Financing Lease	521	2,081
	<u>\$ 4,505,924</u>	<u>\$ 4,659,266</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Allocation and Designations Payable	\$ 414,600	\$ 392,700
Deposits Held for Others	41,080	45,663
Retirement Plan	2,984	2,508
Accounts Payable	16,724	23,089
Capital Lease Payable	625	3,002
Total Liabilities	<u>476,013</u>	<u>466,962</u>
NET ASSETS		
Without Donor Restrictions - Designated:		
Property and Equipment	988,784	1,034,207
Funds Held by Foundation	1,340,303	1,461,883
Without Donor Restrictions - Undesignated	1,678,824	1,675,072
With Donor Restrictions	22,000	21,142
Total Net Assets	<u>4,029,911</u>	<u>4,192,304</u>
Total Liabilities and Net Assets	<u>\$ 4,505,924</u>	<u>\$ 4,659,266</u>

See accompanying Notes to Financial Statements.

**UNITED WAY OF NORTHEASTERN MINNESOTA
STATEMENTS OF ACTIVITIES
YEARS ENDED MARCH 31, 2023 AND 2022**

	2023	2022
NET ASSETS WITHOUT DONOR RESTRICTIONS		
PROGRAM SUPPORT AND REVENUE		
Gross Campaign Results	\$ 947,586	\$ 935,397
Less: Provision for Uncollected Accounts	(21,632)	(49,640)
Net Campaign Revenue	925,954	885,757
Contribution Income	159,500	143,801
Initiative Contributions	548,589	372,434
Gifts in Kind - Good 360	139,530	267,953
Special Events	342,188	293,883
Total Public Support	2,115,761	1,963,828
Investment Income	3,606	3,381
Funds Held by Foundation - Investment Income (Loss)	(66,267)	128,950
Release from Restrictions	21,142	18,617
Total Revenue	2,074,242	2,114,776
ALLOCATIONS AND EXPENSES		
Allocations and Program Services:		
Gross Allocations to Agencies for Programs	550,669	435,200
Initiative Distributions	698,915	353,764
Gifts in Kind Distributions	145,262	279,011
COVID Distributions	2,815	53,660
Program Services	507,913	417,753
Total Allocations and Program Services	1,905,574	1,539,388
Supporting Services:		
Management and General	119,508	98,258
Fundraising	212,411	206,181
Total Allocations and Expenses	2,237,493	1,843,827
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(163,251)	270,949
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	22,000	-
Release from Restrictions	(21,142)	(18,617)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	858	(18,617)
CHANGE IN NET ASSETS	(162,393)	252,332
Net Assets - Beginning of Year	4,192,304	3,939,972
NET ASSETS - END OF YEAR	\$ 4,029,911	\$ 4,192,304

See accompanying Notes to Financial Statements.

**UNITED WAY OF NORTHEASTERN MINNESOTA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2023**

	Program Services	Management and General	Fundraising	Total
Gross Allocations to Agencies for Programs	\$ 550,669	\$ -	\$ -	\$ 550,669
Special Events	-	-	92,903	92,903
Initiative Distributions	698,915	-	-	698,915
Gifts in Kind - Good 360 Distributions	145,262	-	-	145,262
COVID Distributions	2,815	-	-	2,815
Salaries	280,088	65,903	65,903	411,894
Payroll Taxes	23,144	5,446	5,446	34,036
Employee Benefits	49,162	11,568	11,568	72,298
Total Salaries and Related Expenses	<u>352,394</u>	<u>82,917</u>	<u>82,917</u>	<u>518,228</u>
Telephone	5,930	1,395	1,395	8,720
Supplies	2,112	497	497	3,106
Travel	2,847	670	670	4,187
Postage	1,163	274	274	1,711
Campaign Supplies	26,282	6,184	6,184	38,650
Professional Fees	12,709	2,990	2,990	18,689
Equipment Maintenance	2,135	502	502	3,139
Occupancy	24,107	5,672	5,672	35,451
Equipment Purchase	1,593	375	375	2,343
Business and Special Meetings	6,381	1,501	1,501	9,383
Training	20,168	4,745	4,745	29,658
Miscellaneous	7,950	1,870	1,870	11,690
Membership Dues	9,638	2,268	2,268	14,174
Depreciation	32,504	7,648	7,648	47,800
Total Allocations and Expenses	<u>\$ 1,905,574</u>	<u>\$ 119,508</u>	<u>\$ 212,411</u>	<u>\$ 2,237,493</u>

See accompanying Notes to Financial Statements.

**UNITED WAY OF NORTHEASTERN MINNESOTA
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2022**

	Program Services	Management and General	Fundraising	Total
Gross Allocations to Agencies for Programs	\$ 435,200	\$ -	\$ -	\$ 435,200
Special Events	-	-	107,923	107,923
Initiative Distributions	353,764	-	-	353,764
Gifts in Kind - Good 360 Distributions	279,011	-	-	279,011
COVID Distributions	53,660	-	-	53,660
Salaries	232,119	54,616	54,616	341,351
Payroll Taxes	19,603	4,612	4,612	28,827
Employee Benefits	33,527	7,889	7,889	49,305
Total Salaries and Related Expenses	<u>285,249</u>	<u>67,117</u>	<u>67,117</u>	<u>419,483</u>
Telephone	4,829	1,136	1,136	7,101
Supplies	1,876	441	441	2,758
Travel	2,002	471	471	2,944
Postage	866	204	204	1,274
Campaign Supplies	11,743	2,763	2,763	17,269
Professional Fees	12,404	2,919	2,919	18,242
Equipment Maintenance	2,588	609	609	3,806
Occupancy	19,805	4,660	4,660	29,125
Equipment Purchase	760	179	179	1,118
Business and Special Meetings	838	197	197	1,232
Training	21,749	5,117	5,117	31,983
Miscellaneous	3,415	767	767	4,949
Membership Dues	17,169	4,040	4,040	25,249
Depreciation	32,460	7,638	7,638	47,736
Total Allocations and Expenses	<u>\$ 1,539,388</u>	<u>\$ 98,258</u>	<u>\$ 206,181</u>	<u>\$ 1,843,827</u>

See accompanying Notes to Financial Statements.

**UNITED WAY OF NORTHEASTERN MINNESOTA
STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (162,393)	\$ 252,332
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	47,800	47,736
Provision for Uncollectible Accounts	21,632	49,640
Change in Beneficial Interest in Assets Held by Others	124,176	(76,231)
Unrealized Gain on Investments	(10,596)	(2,045)
(Increase) Decrease in Contributions Receivable	(162,212)	35,480
(Increase) Decrease in Prepaid Expenses	5,754	(10,032)
Increase (Decrease) in Liabilities:		
Allocation and Designations Payable	21,900	90,390
Accounts Payable	(6,365)	1,277
Retirement Plan	476	2,508
Deposits Held for Others	(4,583)	(9,830)
Net Cash Provided (Used) by Operating Activities	(124,411)	381,225
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(300,000)	-
Purchase of Property and Equipment	-	(4,298)
Net Cash Used by Investing Activities	(300,000)	(4,298)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Capital Lease	(2,377)	(2,195)
Net Cash Used by Financing Activities	(2,377)	(2,195)
 NET INCREASE (DECREASE) IN CASH	(426,788)	374,732
Cash - Beginning of Year	1,397,198	1,022,466
 CASH - END OF YEAR	\$ 970,410	\$ 1,397,198
 SUPPLEMENTAL DISCLOSURES		
Cash	\$ 929,330	\$ 1,351,535
Cash - Deposits Held for Others	41,080	45,663
Total Cash	\$ 970,410	\$ 1,397,198

See accompanying Notes to Financial Statements.

**UNITED WAY OF NORTHEASTERN MINNESOTA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022**

NOTE 1 PRINCIPAL ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Organization

United Way of Northeastern Minnesota (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 the Organization 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.

**UNITED WAY OF NORTHEASTERN MINNESOTA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022**

NOTE 1 PRINCIPAL ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 statements 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 range from 5 to 30 years.

	<u>2023</u>	<u>2022</u>
Equipment	\$ 100,425	\$ 100,425
Building	483,144	483,144
Building Improvements	630,817	630,817
Less: Accumulated Depreciation	<u>(225,498)</u>	<u>(179,258)</u>
Net Property and Equipment	<u>\$ 988,888</u>	<u>\$ 1,035,128</u>

**UNITED WAY OF NORTHEASTERN MINNESOTA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022**

NOTE 1 PRINCIPAL ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Contributed Nonfinancial Assets – Good 360

Gifts in kind consist of donated materials which are reflected as in-kind contributions at their estimated fair value based on the cost to purchase similar goods on the date of receipt. Contributed goods consist of items donated from various retailers and are not restricted for a specific purpose. The goods contributed consist of the following:

	2023	2022
Household	\$ 97,671	\$ 214,362
Clothing	27,906	13,398
School Supplies	13,953	40,193
	\$ 139,530	\$ 267,953

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. Donated services are valued based on the hourly rate of similar services. There were no services contributed during the years ended March 31, 2023 and 2022 that met the criteria to be recognized in the accompanying financial statements. 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.

**UNITED WAY OF NORTHEASTERN MINNESOTA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022**

NOTE 1 PRINCIPAL ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and depreciation, which are allocated on a square footage basis, as well as salaries, employee benefits, payroll taxes, professional fees, and other expenses, 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.

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.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. Such reclassifications have no effect on the change in net assets in total as previously reported.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 14, 2023, 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.

**UNITED WAY OF NORTHEASTERN MINNESOTA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022**

NOTE 1 PRINCIPAL ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related Party Transactions

The Organization receives contributions throughout the year from members of the board of directors. During the years ended March 31, 2023 and 2022, the Organization received \$55,674 and \$29,929, respectively.

Adoption of New Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of ROU assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Organization adopted the requirement of the guidance effective April 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption. There was no impact on the Organization's financial position and change in net assets as a result of the adoption of this accounting standard. The Organization has elected to adopt the package of practical expedients available in the year of adoption. The Organization has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Organization's ROU assets.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new standard, as amended, is to be applied retrospectively, to annual reporting periods beginning after June 15, 2021, and interim periods within reporting periods beginning after June 15, 2022. The Organization has updated disclosures as necessary (see note 1).

NOTE 2 FUNDS HELD BY FOUNDATION

The Organization, 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 the Organization.

**UNITED WAY OF NORTHEASTERN MINNESOTA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022**

NOTE 2 FUNDS HELD BY FOUNDATION (CONTINUED)

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.

NOTE 3 ALLOCATION AND DESIGNATIONS PAYABLE

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, 2023 and 2022, the Organization did not raise any donor-designated pledges.

NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2023</u>	<u>2022</u>
Building Fund	\$ -	\$ 1,142
Sales Force Software	-	20,000
Buddy Backpack, Time Restricted	<u>22,000</u>	<u>-</u>
Total Net Assets With Donor Restrictions	<u>\$ 22,000</u>	<u>\$ 21,142</u>

Net assets released during the year were for the following purposes:

	<u>2023</u>	<u>2022</u>
Building Fund	\$ 1,142	\$ 1,117
Sales Force Software	20,000	-
Time Restricted	<u>-</u>	<u>17,500</u>
Total Release from Restrictions	<u>\$ 21,142</u>	<u>\$ 18,617</u>

**UNITED WAY OF NORTHEASTERN MINNESOTA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022**

NOTE 5 ALLOCATIONS TO AGENCIES

Allocations awarded and payable to agencies were as follows:

	2023	2022
Advocates for Family Peace	\$ 10,000	\$ 22,500
Angel Fund	5,000	10,000
Arrowhead Center - Adolescent Meals	15,000	10,000
Boy Scouts/Voyageur Area Council	19,000	-
Boys & Girls Club of Hibbing	50,000	-
Camp Chicagami	-	20,000
Care Partners	25,000	25,000
Check & Connect	9,000	10,500
Chrisholm Food Shelf	3,000	3,000
Ely Community Health Center	23,000	11,000
Ely Community Resource	15,000	15,000
Girl Scouts Leadership Pathways	3,500	7,500
Northwoods Care Partners	30,000	30,000
NSLC Habitat for Humanity	40,000	40,000
Project Care	25,000	20,000
Quad Cities Food Shelf	7,500	7,500
Range Transitional Housing	25,000	25,000
Salvation Army - Hibbing	21,900	21,900
Salvation Army - Virginia	9,000	8,600
Second Harvest N. Lake Food Bank	25,000	25,000
Serve MN	12,000	10,000
Sexual Assault Program of NSLC	30,000	30,000
Star of the North Maternity Home	60,000	-
Support Within Reach (Itasca AASA)	5,000	6,000
The Promise Is You	5,000	-
Volunteers in Education	14,000	16,000
Local Library Summer Reading Program	17,550	
Other Distributions	11,719	15,100
Iron Range Allocations	516,169	389,600
Citizens for Backuss/AB Inc	6,000	-
Falls Hunger Coalition/Koochiching County Food Access	5,000	7,500
Friends Against Abuse	7,000	8,500
Koochiching Aging Options	3,000	3,500
Salvation Army - International Falls	13,500	15,000
Other Disbursements	-	7,500
Koochiching Allocations	34,500	42,000
Total Community Care Allocations	550,669	431,600

UNITED WAY OF NORTHEASTERN MINNESOTA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 5 ALLOCATIONS TO AGENCIES (CONTINUED)

	<u>2023</u>	<u>2022</u>
Smiles Across Minnesota	\$ 22,753	\$ 2,067
Imagination Library	64,945	63,155
Buddy Backpack	328,798	214,279
United for Veterans	186,655	36,503
Volunteer Portal	4,700	-
Meet Up and Chow Down	3,211	922
Child Care Technical Assistance Fund	25,000	-
Live United Crisis Fund	12,049	-
Food Disbursements	37,394	36,806
Kids Hygiene Kits	210	32
RangerSpiel	13,200	-
Total Initiatives Distributions	<u>698,915</u>	<u>353,764</u>
Total Agency Allocations	<u>\$ 1,249,584</u>	<u>\$ 785,364</u>

These amounts do not include contributions that donors have designated for a specific beneficiary. In addition, conditional allocations have been entered into with the agencies below. The Organization is not liable as of March 31, 2023 and 2022 for these allocations as the conditions underlying the allocations have not been met. Once the conditions are met, these amounts will be considered payable and subsequent distributions will be made.

	<u>2023</u>	<u>2022</u>
Boys and Girls Club of Hibbing	\$ 50,000	\$ 50,000
Star of the North Maternity Home	-	25,000
Volunteers in Education	-	8,000
Camp Chicagami	20,000	-
Total Conditional Allocations	<u>\$ 70,000</u>	<u>\$ 83,000</u>

NOTE 6 RETIREMENT PLAN

Until December 31, 2021, the Organization had 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 \$-0- and \$6,814 to the plan during the years ended March 31, 2023 and 2022, respectively. Employees may also elect to make salary deferral contributions to the plan generally up to a maximum amount allowed by the IRC limits.

Beginning January 1, 2022, the Organization elected to use a 401(k) plan moving forward. Current and future staff will have a 3% contribution and the Organization will match 50% of the first 6% that an employee contributes with the maximum match of 3%, which is paid out yearly at December 31. The Organization contributed \$31,411 and \$5,015 to the plan during the years ended March 31, 2023 and 2022, respectively.

**UNITED WAY OF NORTHEASTERN MINNESOTA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022**

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 by Lincoln Financial and Funds Held by Foundation, as of March 31, 2023 and 2022 are as follows:

	2023			
	Level 1	Level 2	Level 3	Total
Funds Held at Lincoln Financial	\$ 46,639	\$ -	\$ -	\$ 46,639
Funds Held by Foundation	-	-	1,340,303	1,340,303
	2022			
	Level 1	Level 2	Level 3	Total
Funds Held at Lincoln Financial	\$ 49,235	\$ -	\$ -	\$ 49,235
Funds Held by Foundation	-	-	1,461,883	1,461,883
Instrument	Fair Value		Principal Valuation Technique	Unobservable Inputs
	2023	2022		
Funds Held by Foundation	\$ 1,340,303	\$ 1,461,883	FMV of Investments	Value of Underlying Assets

**UNITED WAY OF NORTHEASTERN MINNESOTA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022**

NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)

For the year ending March 31, 2023, there were transfers into the Fund of \$-0- and \$55,313 of transfers out of the Fund. For the year ending March 31, 2022, there were transfers into the Fund of \$-0- and \$54,037 of transfers out of the Fund.

The Investments line on the statements of financial position all pertains to certificates of deposit.

NOTE 8 LEASE – ASC 840

The Organization elected to apply the provisions of FASB ASC 842 to the beginning of the period of adoption with certain practical expedients available for the year ended March 31, 2023. Lease disclosures for the year ended March 31, 2022 are made under prior lease guidance in FASB ASC 840.

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 \$7,804 at March 31, 2022, respectively. 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>
2023	\$ 2,532
2024	633
Less: Amount Representing Interest on Capital Lease Payable	(163)
Net Minimum Capital Lease Payable	<u><u>\$ 3,002</u></u>

UNITED WAY OF NORTHEASTERN MINNESOTA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022

NOTE 9 LEASE – ASC 842

The following tables provide quantitative information concerning the Organization’s leases:

	2023	2022
Lease Costs		
Finance Lease Cost:		
Amortization of Right-of-Use Assets	\$ 1,560	\$ -
Interest on Lease Liabilities	154	-
Total Lease Costs	\$ 1,714	\$ -
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Finance Leases	154	-
Financing Cash Flows from Finance Leases	2,377	-
Weighted Average Remaining Lease Term:		
Operating Leases	.25 years	-
Weighted Average Discount Rate:		
Operating Leases	8.01%	-

The Organization classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities at March 31, 2023 is as follows:

Year Ending March 31,	Amount
2024	\$ 633
Total Lease Payments	633
Less: Amount Representing Interest on Capital Lease Payable	(8)
Net Minimum Capital Lease Payable	\$ 625

NOTE 10 CONCENTRATIONS

Two organizations account for approximately 61% of gross campaign results revenue for the year ended March 31, 2023.

Three organizations account for approximately 63% of net contributions receivable as of March 31, 2023.

Two organizations account for approximately 59% of gross campaign results revenue for the year ended March 31, 2022.

Two organizations account for approximately 72% of net contributions receivable as of March 31, 2022.

**UNITED WAY OF NORTHEASTERN MINNESOTA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023 AND 2022**

NOTE 11 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, 2023 and 2022 reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor restrictions.

	2023	2022
Cash	\$ 929,330	\$ 1,351,535
Contributions Receivable, Net	510,144	369,564
Funds Held by Lincoln Financial	46,639	49,235
Investments	644,080	333,484
Total Financial Assets	2,130,193	2,103,818
Net Assets With Donor Restriction	(22,000)	(21,142)
Total Financial Assets, Net	\$ 2,108,193	\$ 2,082,676

NOTE 12 SUBSEQUENT EVENTS

Subsequent to March 31, 2023, the Organization received a federal grant of \$1,200,000 from the United States Department of Agriculture to support the expansion of childcare services in the Iron Range area of St. Louis County. Total funding from the overall award could approximate \$1,200,000, which includes program and applicant income. However, no funds have been utilized or received during the year ended March 31, 2023.

UNITED WAY OF NORTHEASTERN MINNESOTA
PROGRAM SERVICES
YEAR ENDED MARCH 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>Allocating</u>	<u>Planning</u>	<u>Other</u>	<u>Total</u>
Salaries	\$ 89,628	\$ 89,628	\$ 100,832	\$ 280,088
Payroll Taxes	7,406	7,406	8,332	23,144
Employee Benefits	15,732	15,732	17,698	49,162
Total Salaries and Related Expenses	<u>112,766</u>	<u>112,766</u>	<u>126,862</u>	<u>352,394</u>
Telephone	1,898	1,898	2,134	5,930
Supplies	676	676	760	2,112
Travel	911	911	1,025	2,847
Postage	372	372	419	1,163
Campaign Supplies	8,410	8,410	9,462	26,282
Professional Fees	4,067	4,067	4,575	12,709
Equipment Maintenance	683	683	769	2,135
Occupancy	7,714	7,714	8,679	24,107
Equipment Purchase	510	510	573	1,593
Business and Special Meetings	2,042	2,042	2,297	6,381
Training	6,454	6,454	7,260	20,168
Miscellaneous	2,544	2,543	2,863	7,950
Membership Dues	3,084	3,084	3,470	9,638
Depreciation	10,401	10,401	11,702	32,504
Total	<u>\$ 162,532</u>	<u>\$ 162,531</u>	<u>\$ 182,850</u>	<u>\$ 507,913</u>

**UNITED WAY OF NORTHEASTERN MINNESOTA
PROGRAM SERVICES
YEAR ENDED MARCH 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

	<u>Allocating</u>	<u>Planning</u>	<u>Other</u>	<u>Total</u>
Salaries	\$ 74,278	\$ 74,278	\$ 83,563	\$ 232,119
Payroll Taxes	6,273	6,273	7,057	19,603
Employee Benefits	10,729	10,729	12,069	33,527
Total Salaries and Related Expenses	<u>91,280</u>	<u>91,280</u>	<u>102,689</u>	<u>285,249</u>
Telephone	1,545	1,545	1,739	4,829
Supplies	600	600	676	1,876
Travel	641	641	720	2,002
Postage	277	277	312	866
Campaign Supplies	3,758	3,758	4,227	11,743
Professional Fees	3,969	3,969	4,466	12,404
Equipment Maintenance	828	828	932	2,588
Occupancy	6,338	6,338	7,129	19,805
Equipment Purchase	243	243	274	760
Business and Special Meetings	268	268	302	838
Training	6,960	6,960	7,829	21,749
Miscellaneous	1,093	1,093	1,229	3,415
Membership Dues	5,494	5,494	6,181	17,169
Depreciation	10,387	10,387	11,686	32,460
Total	<u>\$ 133,681</u>	<u>\$ 133,681</u>	<u>\$ 150,391</u>	<u>\$ 417,753</u>



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