

UNITED WAY OF NORTHEASTERN MINNESOTA, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED MARCH 31, 2019 AND 2018

**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, 2019 and 2018, 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.

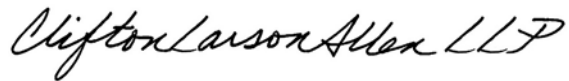
Board of Directors
United Way of Northeastern Minnesota, Inc.

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, 2019 and 2018, 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

St. Cloud, Minnesota
September 19, 2019

UNITED WAY OF NORTHEASTERN MINNESOTA, INC.
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2019 AND 2018

	2019	2018
ASSETS		
Cash	\$ 330,729	\$ 564,328
Cash - Deposits Held for Others	46,450	42,355
Investments	323,946	426,483
Contributions Receivable, Less Allowance for Uncollectibles of \$50,000 for Both 2019 and 2018	581,947	585,967
Prepaid Expenses	512	512
Property and Equipment, Net	1,154,855	631,068
Funds Held by Foundation	1,246,199	1,275,305
Funds Held by Lincoln Financial	33,678	30,254
Other Assets	-	88,446
	\$ 3,718,316	\$ 3,644,718
LIABILITIES AND NET ASSETS		
LIABILITIES		
Allocation and Designations Payable	\$ 392,898	\$ 466,334
Deposits Held for Others	46,450	42,355
Accounts Payable	15,159	118,958
Capital Lease Payable	9,096	2,212
Retirement Plan Liability	-	1,299
Total Liabilities	463,603	631,158
NET ASSETS		
Without Donor Restrictions - Designated:		
Property and Equipment	1,145,759	628,856
Funds Held by Foundation	1,246,199	1,275,305
Without Donor Restrictions - Undesignated	828,443	1,017,099
With Donor Restrictions (Note 4)	34,312	92,300
Total Net Assets	3,254,713	3,013,560
Total Liabilities and Net Assets	\$ 3,718,316	\$ 3,644,718

See accompanying Notes to Financial Statements.

UNITED WAY OF NORTHEASTERN MINNESOTA, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED MARCH 31, 2019 AND 2018

	2019	2018
NET ASSETS WITHOUT DONOR RESTRICTIONS		
PROGRAM SUPPORT AND REVENUE		
Gross Campaign Results	\$ 997,145	\$ 1,096,041
Less: Donor Designations	(12,974)	(9,555)
Less: Provision for Uncollected Accounts	(103,367)	(66,195)
Net Campaign Revenue	880,804	1,020,291
Contribution Income	200,000	193,266
Initiative Contributions (Net of Disbursements)	128,828	170,199
Gifts in Kind - Good 360	190,151	226,232
Special Events	272,716	254,638
Total Public Support	1,672,499	1,864,626
Investment Income	4,601	6,516
Change in Funds Held by Foundation	21,560	111,408
Gain on Disposal of Property and Equipment	212	-
Grants	35,000	-
Release from Restrictions	394,363	486,927
Total Revenue	2,128,235	2,469,477
ALLOCATIONS AND EXPENSES		
Allocations and Program Services:		
Gross Allocations to Agencies for Programs	421,475	478,857
Less: Donor Designations	(12,974)	(9,555)
Net Allocations Awarded	408,501	469,302
Initiative Distributions	474,518	347,634
Gifts in Kind Distributions	192,533	235,248
Contributions	84,546	-
Program Services	389,685	351,873
Total Allocations and Program Services	1,549,783	1,404,057
Supporting Services:		
Management and General	94,918	78,796
Fundraising	184,393	165,487
Total Allocations and Expenses	1,829,094	1,648,340
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	299,141	821,137
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	223,626	181,275
Initiative Contributions	112,749	22,586
Release from Restrictions	(394,363)	(486,927)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	(57,988)	(283,066)
CHANGE IN NET ASSETS	241,153	538,071
NET ASSETS		
Beginning of Year	3,013,560	2,475,489
End of Year	\$ 3,254,713	\$ 3,013,560

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	-	-	92,704	92,704
Contributions	84,546	-	-	84,546
Initiative Distributions	474,518	-	-	474,518
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>\$ 1,549,783</u>	<u>\$ 94,918</u>	<u>\$ 184,393</u>	<u>\$ 1,829,094</u>

See accompanying Notes to Financial Statements.

UNITED WAY OF NORTHEASTERN MINNESOTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2018

	Program Services	Management and General	Fundraising	Total
Gross Allocations to Agencies for Programs	\$ 478,857	\$ -	\$ -	\$ 478,857
Less: Donor Designations	(9,555)	-	-	(9,555)
Net Allocation Awarded	469,302	-	-	469,302
Special Events	-	-	86,694	86,694
Initiative Distributions	347,634	-	-	347,634
Gifts in Kind - Good 360 Distributions	235,248	-	-	235,248
Salaries	200,173	47,100	47,100	294,373
Payroll Taxes	15,526	3,653	3,653	22,832
Employee Benefits	46,169	10,863	10,863	67,895
Total Salaries and Related Expenses	261,868	61,616	61,616	385,100
Telephone	4,330	1,019	1,019	6,368
Supplies	1,244	293	293	1,830
Travel	5,502	1,295	1,295	8,092
Postage	1,198	282	282	1,762
Campaign Supplies	10,998	2,588	2,588	16,174
Professional Fees	10,203	2,401	2,401	15,005
Equipment Maintenance	1,995	469	469	2,933
Occupancy	10,479	2,466	2,466	15,411
Equipment Purchase	4,763	1,121	1,121	7,005
Business and Special Meetings	3,819	899	899	5,617
Training	1,183	278	278	1,739
Miscellaneous	18,503	354	351	19,208
Membership Dues	12,401	2,918	2,918	18,237
Depreciation	3,202	753	753	4,708
Interest Expense	185	44	44	273
Total Allocations and Expenses	<u>\$ 1,404,057</u>	<u>\$ 78,796</u>	<u>\$ 165,487</u>	<u>\$ 1,648,340</u>

See accompanying Notes to Financial Statements.

UNITED WAY OF NORTHEASTERN MINNESOTA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 241,153	\$ 538,071
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	34,444	4,709
Property Transfer	88,446	-
Change in Beneficial Interest in Assets Held by Others	25,682	(65,380)
Noncash Fixed Asset Additions	(206,450)	(193,550)
Loss on the Sale of Fixed Assets	212	-
Restricted Contributions for Use on Fixed Assets	(258,626)	-
(Increase) Decrease in Assets:		
Contributions Receivable	4,020	32,404
Other Receivables	-	2,600
Prepaid Expenses	-	(512)
Increase (Decrease) in Liabilities:		
Allocations Payable and Designated Pledges	(73,436)	(44,007)
Accounts Payable	(6,724)	1,124
Retirement Plan Liability	(1,299)	1,299
Deposits Held for Others	4,095	12,397
Net Cash Provided (Used) by Operating Activities	(148,483)	289,155
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(114,132)	(3,065)
Proceeds on Sale of Investments	216,669	-
Increase in Construction in Process	-	(114,846)
Purchase of Property and Equipment	(438,662)	(204,978)
Decrease in Other Assets	-	(88,446)
Net Cash Used by Investing Activities	(336,125)	(411,335)
CASH FLOWS FROM FINANCING ACTIVITIES		
Restricted Contributions for Use on Fixed Assets	258,626	-
Payments on Capital Lease	(3,522)	(2,176)
Net Cash Provided (Used) by Financing Activities	255,104	(2,176)
NET DECREASE IN CASH	(229,504)	(124,356)
Cash - Beginning of Year	606,683	731,039
CASH - END OF YEAR	\$ 377,179	\$ 606,683
SUPPLEMENTAL DISCLOSURES		
Cash	\$ 330,729	\$ 564,328
Cash - Deposits Held for Others	46,450	42,355
Total Cash	\$ 377,179	\$ 606,683
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, 2019 AND 2018

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 revenue 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, 2019 AND 2018

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

Investments

Investments consist of certificates of deposit which are recorded at amortized 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.

	<u>2019</u>	<u>2018</u>
Equipment	\$ 78,921	\$ 48,550
Building	493,550	493,550
Building Improvements	630,817	2,053
Construction in Process	-	117,836
Less: Accumulated Depreciation	(48,433)	(30,921)
Net Property and Equipment	<u>\$ 1,154,855</u>	<u>\$ 631,068</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, 2019 AND 2018

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

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.

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.

UNITED WAY OF NORTHEASTERN MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

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

Change in Accounting Principle

The Organization adopted Financial Accounting Standards Board (FASB) ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* in fiscal year 2019. These changes were applied retrospectively to ensure comparability with the prior year presented herein. The adoption did not impact the Organization's financial position as of March 31, 2019 and 2018 or the changes in its net assets, functional expenses, or cash flows for the years then ended.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 19, 2019, 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.

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, 2019 AND 2018

NOTE 3 ALLOCATIONS AND DESIGNATIONS PAYABLE

	2019	2018
Community Care Allocation Payable	\$ 379,924	\$ 456,779
Donor Designated Pledges	12,974	9,555
Total	\$ 392,898	\$ 466,334

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, 2019 and 2018, the Organization raised \$12,974 and \$9,555, 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:

	2019	2018
Child Care Expansion	\$ -	\$ 3,701
Crisis Fund	34,312	31,135
Building Fund Income	-	57,464
Total Net Assets With Donor Restrictions	\$ 34,312	\$ 92,300

NOTE 5 ALLOCATIONS TO AGENCIES

Allocations awarded and payable to agencies were as follows:

	2019	2018
Advocates for Family Peace	\$ 17,000	\$ 20,000
AEOA Elder Services Network	4,000	4,000
American Red Cross	5,000	5,000
Angel Fund	4,800	6,000
ARC Range Chapter	7,500	7,500
Area Food Banks	20,000	32,500
Arrowhead Center - Adolescent Meals	10,000	10,000
Boy Scouts/Voyageur Area Council	4,000	2,000
Camp Chicagami	14,000	16,000
Care Partners	19,000	20,000
East Range DAC	-	7,500
Ely Community Health Center	7,000	7,000
Ely Community Resource	10,400	10,400
Floodwood Services and Training	8,000	5,000
Foster Grandparent Program	2,500	2,500
Girl Scouts Leadership Pathways	4,000	6,600

UNITED WAY OF NORTHEASTERN MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

NOTE 5 ALLOCATIONS TO AGENCIES (CONTINUED)

	2019	2018
Habitat for Humanity - NSLC	\$ 24,000	\$ 25,000
Hibbing Kinship Mentoring Program	8,800	8,800
Homeless Youth Project - RMH	-	9,000
LSS Family Resource Center	27,500	40,000
Mesabi Family YMCA	7,000	7,500
Northwoods Care Partners	20,000	25,000
Project Care	19,000	25,000
Range Transitional Housing	35,000	35,000
Salvation Army - Hibbing	12,000	12,000
Salvation Army - Virginia	7,000	7,000
Second Harvest N. Lake Food Bank	15,000	15,000
Serve MN	6,500	6,500
Sexual Assault Program of NSLC	25,000	30,000
Support Within Reach (Itasca AASA)	4,000	2,500
SWOP - Summer Work Outreach Project	2,500	-
Volunteers in Education	15,000	14,000
American Red Cross Blankets	-	1,200
Salvation Army - Hibbing Refrigerator	-	2,500
Other Distributions	12,975	8,497
Iron Range Allocations	378,475	436,497
Falls Hunger Coalition	5,000	5,000
Friends Against Abuse	10,000	10,000
Koochiching Aging Options	4,000	4,000
Salvation Army	23,000	23,360
Servants of Shelter	1,000	-
Koochiching Allocations	43,000	42,360
Total Community Care Allocations	421,475	478,857
Smiles Across Minnesota	22,613	26,274
Imagination Library	72,115	71,763
Buddy Backpack	190,913	158,413
Transition Fund for Families in Crisis	-	600
United for Veterans	61,088	28,512
Bright Beginnings	6,394	-
Bright Beginnings - Parent Aware	-	(1,500)
Bright Beginnings - Childcare Expansion Grants	63,174	30,429
Volunteer Portal Disbursement	-	2,500
Crisis Fund 2016	-	(250)
Meet Up and Chow Down	2,781	12,807
Child Care Program	-	1,038
EFSP Emergency Shelter	5,058	4,415

UNITED WAY OF NORTHEASTERN MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

NOTE 5 ALLOCATIONS TO AGENCIES (CONTINUED)

	2019	2018
Bridges Out of Poverty	\$ 15,834	\$ 11,042
Child Care Technical Assistance Fund	3,355	1,463
Read for the Record	749	128
Food Disbursements	24,803	-
Kids Hygiene Kits	5,641	-
Total Initiatives Distributions	<u>474,518</u>	<u>347,634</u>
Total Agency Allocations	<u>\$ 895,993</u>	<u>\$ 826,491</u>

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

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 \$18,346 and \$17,809 to the Plan during the years ended March 31, 2019 and 2018, 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 generally accepted accounting principles, 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.

UNITED WAY OF NORTHEASTERN MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019 AND 2018

NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)

The Organization's investments at fair value, which is comprised of Funds held at Lincoln Financial and Minnesota Community Foundation, as of March 31, 2019 and 2018 are as follows:

	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

	2018			
	Level 1	Level 2	Level 3	Total
Funds Held at Lincoln Financial	\$ 30,254	\$ -	\$ -	\$ 30,254
Minnesota Community Foundation	-	-	1,275,305	1,275,305

Changes in Level 3 assets at the Minnesota Community Foundation for the fiscal year ended March 31, 2019 and 2018, are as follows:

	2019	2018
Beginning of Year	\$ 1,275,305	\$ 1,213,314
Distributions	(50,666)	(49,417)
Investment Return Earned	21,560	111,408
End of Year	\$ 1,246,199	\$ 1,275,305

NOTE 8 COMMITMENTS

In July 2018, the Organization entered into a capital lease agreement for a term of 5 years.

The cost of the copier under the capital lease was \$10,406 and the corresponding accumulated depreciation was \$1,561 at March 31, 2019. Depreciation on the copier under the capital lease is included in depreciation expense.

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

Year Ending March 31,	Amount
2020	\$ 2,532
2021	2,532
2022	2,532
2023	2,532
2024	633
Total Minimum Lease Payments	10,761
Less: Amount Representing Interest on Capital Lease Payable	(1,665)
Net Minimum Capital Lease Payable	\$ 9,096

UNITED WAY OF NORTHEASTERN MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 9 CONCENTRATIONS

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.

Three organizations account for approximately 73% of gross campaign results revenue for the year ended March 31, 2018.

Two organizations account for approximately 63% of net contributions receivable as of March 31, 2018.

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, 2019 and 2018, 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.

	2019	2018
Cash	\$ 330,729	\$ 564,328
Contributions Receivable, Net	581,947	585,967
Funds Held by Lincoln Financial	33,678	30,254
Total Financial Assets	<u>946,354</u>	<u>1,180,549</u>
Net Assets With Donor Restriction	(34,312)	(92,300)
Total Financial Assets, Net	<u>\$ 912,042</u>	<u>\$ 1,088,249</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
Total	<u>\$ 124,699</u>	<u>\$ 124,699</u>	<u>\$ 140,287</u>	<u>\$ 389,685</u>

UNITED WAY OF NORTHEASTERN MINNESOTA, INC.
PROGRAM SERVICES
YEAR ENDED MARCH 31, 2018
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>Allocating</u>	<u>Planning</u>	<u>Other</u>	<u>Total</u>
Salaries	\$ 64,055	\$ 64,055	\$ 72,063	\$ 200,173
Payroll Taxes	4,968	4,968	5,590	15,526
Employee Benefits	14,774	14,774	16,621	46,169
Total Salaries and Related Expenses	<u>83,797</u>	<u>83,797</u>	<u>94,274</u>	<u>261,868</u>
Telephone	1,386	1,386	1,558	4,330
Supplies	398	398	448	1,244
Travel	1,761	1,761	1,980	5,502
Postage	383	383	432	1,198
Campaign Supplies	3,519	3,519	3,960	10,998
Professional Fees	3,265	3,265	3,673	10,203
Equipment Maintenance	638	638	719	1,995
Occupancy	3,353	3,353	3,773	10,479
Equipment Purchase	1,524	1,524	1,715	4,763
Business and Special Meetings	1,222	1,222	1,375	3,819
Training	379	379	425	1,183
Miscellaneous	5,921	5,921	6,660	18,503
Membership Dues	3,968	3,968	4,465	12,401
Depreciation	1,025	1,025	1,152	3,202
Interest Expense	59	59	67	185
Total	<u>\$ 112,598</u>	<u>\$ 112,598</u>	<u>\$ 126,676</u>	<u>\$ 351,873</u>