

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED MARCH 31, 2021 AND 2020**



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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, 2021 and 2020, 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.

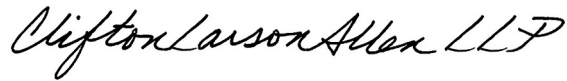
Board of Directors  
United Way of Northeastern Minnesota, Inc.

**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, 2021 and 2020, 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**

Monticello, Minnesota  
September 20, 2021

**UNITED WAY OF NORTHEASTERN MINNESOTA, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**MARCH 31, 2021 AND 2020**

<b>ASSETS</b>	2021	2020
Cash	\$ 966,973	\$ 516,145
Cash - Deposits Held for Others	55,493	53,683
Investments	331,439	329,769
Contributions Receivable, Less Allowance for Uncollectibles of \$75,000 for 2021 and 2020	454,684	461,382
Prepaid Expenses	661	512
Property and Equipment, Net	1,080,647	1,117,368
Funds Held by Foundation	1,386,970	1,102,785
Funds Held by Lincoln Financial	47,917	33,378
	<u>\$ 4,324,784</u>	<u>\$ 3,615,022</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Allocation and Designations Payable	\$ 302,310	\$ 287,250
Deposits Held for Others	55,493	53,683
Accounts Payable	21,812	20,967
Capital Lease Payable	5,197	7,224
Total Liabilities	<u>384,812</u>	<u>369,124</u>
<b>NET ASSETS</b>		
Without Donor Restrictions - Designated:		
Property and Equipment	1,075,450	1,110,144
Funds Held by Foundation	1,386,970	1,102,785
Without Donor Restrictions - Undesignated	1,437,793	1,010,670
With Donor Restrictions	39,759	22,299
Total Net Assets	<u>3,939,972</u>	<u>3,245,898</u>
	<u>\$ 4,324,784</u>	<u>\$ 3,615,022</u>
Total Liabilities and Net Assets		

See accompanying Notes to Financial Statements.

**UNITED WAY OF NORTHEASTERN MINNESOTA, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED MARCH 31, 2021 AND 2020**

	2021	2020
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>PROGRAM SUPPORT AND REVENUE</b>		
Gross Campaign Results	\$ 987,278	\$ 1,048,206
Less: Donor Designations	(7,458)	(8,235)
Less: Provision for Uncollected Accounts	(86,665)	(54,083)
Net Campaign Revenue	893,155	985,888
Contribution Income	326,115	33,058
Initiative Contributions	336,626	265,373
Gifts in Kind - Good 360	201,869	169,580
Special Events	237,606	229,480
Total Public Support	1,995,371	1,683,379
Investment Income	16,229	5,599
Funds Held by Foundation Investment Income (Loss)	335,256	(92,263)
Paycheck Protection Program Loan Forgiveness	52,800	-
Release from Restrictions	-	34,312
Total Revenue	2,399,656	1,631,027
<b>ALLOCATIONS AND EXPENSES</b>		
Allocations and Program Services:		
Gross Allocations to Agencies for Programs	305,883	313,610
Less: Donor Designations	(7,458)	(8,235)
Net Allocations Awarded	298,425	305,375
Initiative Distributions	363,008	482,698
Gifts in Kind Distributions	209,180	179,500
COVID Distributions	165,902	-
Program Services	423,710	416,094
Total Allocations and Program Services	1,460,225	1,383,667
Supporting Services:		
Management and General	99,701	98,980
Fundraising	163,116	145,182
Total Allocations and Expenses	1,723,042	1,627,829
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	676,614	3,198
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	17,460	22,299
Release from Restrictions	-	(34,312)
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	17,460	(12,013)
<b>CHANGE IN NET ASSETS</b>	694,074	(8,815)
<b>NET ASSETS</b>		
Beginning of Year	3,245,898	3,254,713
End of Year	\$ 3,939,972	\$ 3,245,898

See accompanying Notes to Financial Statements.

**UNITED WAY OF NORTHEASTERN MINNESOTA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED MARCH 31, 2021**

	Program Services	Management and General	Fundraising	Total
Gross Allocations to Agencies for Programs	\$ 305,883	\$ -	\$ -	\$ 305,883
Less: Donor Designations	(7,458)	-	-	(7,458)
Net Allocation Awarded	298,425	-	-	298,425
Special Events	-	-	63,415	63,415
Initiative Distributions	363,008	-	-	363,008
Gifts in Kind - Good 360 Distributions	209,180	-	-	209,180
COVID Distributions	165,902	-	-	165,902
Salaries	258,573	60,841	60,841	380,255
Payroll Taxes	21,100	4,965	4,965	31,030
Employee Benefits	40,068	9,428	9,428	58,924
Total Salaries and Related Expenses	319,741	75,234	75,234	470,209
Telephone	5,183	1,220	1,220	7,623
Supplies	1,969	463	463	2,895
Travel	956	225	225	1,406
Postage	1,222	288	288	1,798
Campaign Supplies	8,905	2,095	2,095	13,095
Professional Fees	14,142	3,328	3,328	20,798
Equipment Maintenance	3,048	717	717	4,482
Occupancy	15,328	3,607	3,607	22,542
Equipment Purchase	305	72	72	449
Business and Special Meetings	1,159	273	273	1,705
Training	1,015	239	239	1,493
Miscellaneous	2,515	593	593	3,701
Membership Dues	16,714	3,933	3,933	24,580
Depreciation	31,508	7,414	7,414	46,336
Total Allocations and Expenses	<u>\$ 1,460,225</u>	<u>\$ 99,701</u>	<u>\$ 163,116</u>	<u>\$ 1,723,042</u>

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.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED MARCH 31, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 694,074	\$ (8,815)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Paycheck Protection Program Loan Forgiveness	(52,800)	-
Depreciation	46,336	45,077
Change in Beneficial Interest in Assets Held by Others	(298,724)	143,714
Restricted Contributions for Use on Fixed Assets	-	(11,500)
Decrease in Contributions Receivable	6,698	120,565
Increase in Prepaid Expenses	(149)	-
Increase (Decrease) in Liabilities:		
Allocation and Designations Payable	15,060	(105,648)
Accounts Payable	845	5,808
Deposits Held for Others	1,810	7,233
Net Cash Provided by Operating Activities	413,150	196,434
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(52,741)	(56,974)
Proceeds on Sale of Investments	51,071	51,151
Purchase of Property and Equipment	(9,615)	(7,590)
Net Cash Used by Investing Activities	(11,285)	(13,413)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Restricted Contributions for Use on Fixed Assets	-	11,500
Paycheck Protection Program Loan Proceeds	52,800	-
Payments on Capital Lease	(2,027)	(1,872)
Net Cash Provided by Financing Activities	50,773	9,628
 <b>NET INCREASE IN CASH</b>	452,638	192,649
Cash - Beginning of Year	569,828	377,179
 <b>CASH - END OF YEAR</b>	\$ 1,022,466	\$ 569,828
 <b>SUPPLEMENTAL DISCLOSURES</b>		
Cash	\$ 966,973	\$ 516,145
Cash - Deposits Held for Others	55,493	53,683
Total Cash	\$ 1,022,466	\$ 569,828

See accompanying Notes to Financial Statements.

**UNITED WAY OF NORTHEASTERN MINNESOTA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**

**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.

**UNITED WAY OF NORTHEASTERN MINNESOTA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**

**NOTE 1 NATURE OF 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 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.

	2021	2020
Equipment	\$ 96,127	\$ 86,512
Building	493,550	493,550
Building Improvements	630,817	630,817
Less: Accumulated Depreciation	(139,847)	(93,511)
Net Property and Equipment	<u>\$ 1,080,647</u>	<u>\$ 1,117,368</u>

**UNITED WAY OF NORTHEASTERN MINNESOTA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**

**NOTE 1 NATURE OF 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.

**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, 2021 AND 2020**

**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.

**Paycheck Protection Program Loan**

In April 2020, the Organization received a loan from American Bank totaling \$52,800 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the "PPP Loan"). The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted by the SBA to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts are subject to forgiveness based on compliance with program requirements and approval by the SBA.

The Organization is following ASC 470, Debt, to account for the initial receipts related to the PPP Loan. On November 2, 2020, the SBA processed the Organization's PPP Loan forgiveness application and notified American Bank the PPP Loan qualified for full forgiveness. Loan proceeds were received by the bank from the SBA on this date. Therefore, the Organization was legally released from the debt and the loan forgiveness has been recorded as a gain on extinguishment of debt, which is included in revenue during the year ended March 31, 2021.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

**Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 20, 2021, 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.

**UNITED WAY OF NORTHEASTERN MINNESOTA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**

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

**Effect of Economic Conditions on Contributions (Continued)**

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 Principle**

The Organization adopted Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2018-13 *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. The ASU removes and modifies disclosure requirements retrospectively for nonpublic entities. The financial statements reflect the application of the ASU using a retrospective approach to each period presented.

**Related Party Transactions**

The Organization receives contributions throughout the year from members of the Board of Directors. During the years ended March 31, 2021 and 2020, the Organization received \$52,362 and \$49,352, respectively.

**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, 2021 AND 2020**

**NOTE 3 ALLOCATION AND DESIGNATIONS PAYABLE**

	2021	2020
Community Care Allocation Payable	\$ 294,852	\$ 279,015
Donor Designated Pledges	7,458	8,235
Total	\$ 302,310	\$ 287,250

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, 2021 and 2020, the Organization raised \$7,458 and \$8,235, 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:

	2021	2020
Building Fund	\$ 2,259	\$ 2,299
Sales Force Software	20,000	20,000
Time Restricted	17,500	-
Total Net Assets With Donor Restrictions	\$ 39,759	\$ 22,299

**UNITED WAY OF NORTHEASTERN MINNESOTA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**

**NOTE 5 ALLOCATIONS TO AGENCIES**

Allocations awarded and payable to agencies were as follows:

	2021	2020
Advocates for Family Peace	\$ 22,500	\$ 18,350
Angel Fund	6,000	5,000
Area Food Shelves	-	20,000
Arrowhead Center - Adolescent Meals	10,000	10,400
Boy Scouts/Voyageur Area Council	1,880	-
Camp Chicagami	130	14,000
Care Partners	19,000	18,200
Ely Community Health Center	9,500	7,500
Ely Community Resource	10,000	5,000
Girl Scouts Leadership Pathways	7,500	-
Habitat for Humanity - NSLC	25,000	-
Hibbing Kinship Mentoring Program	-	8,800
Northwoods Care Partners	25,000	22,000
Project Care	20,000	18,000
Range Transitional Housing	20,000	35,000
Salvation Army - Hibbing	12,600	12,600
Salvation Army - Virginia	8,200	8,200
Second Harvest N. Lake Food Bank	20,000	25,000
Serve MN	6,500	6,200
Sexual Assault Program of NSLC	25,000	25,000
Support Within Reach (Itasca AASA)	5,000	5,000
SWOP - Summer Work Outreach Project	2,500	-
Volunteers in Education	16,000	16,000
Other Distributions	3,150	6,218
Iron Range Allocations	275,460	286,468
Falls Hunger Coalition	4,500	4,000
Friends Against Abuse	7,000	5,000
Koochiching Aging Options	3,500	3,000
Salvation Army	15,000	15,000
Other Distributions	423	142
Koochiching Allocations	30,423	27,142
Total Community Care Allocations	305,883	313,610



**UNITED WAY OF NORTHEASTERN MINNESOTA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**

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

	2021	2020
Smiles Across Minnesota	\$ 22,108	\$ 28,685
Imagination Library	62,610	66,728
Buddy Backpack	178,863	200,349
United for Veterans	17,513	60,868
Bright Beginnings - Childcare Expansion Grants	48,000	90,000
Meet Up and Chow Down	656	3,789
Child Care Technical Assistance Fund	1,650	-
Read for the Record	224	515
Food Disbursements	31,384	27,430
Kids Hygiene Kits	-	4,334
Total Initiatives Distributions	363,008	482,698
Total Agency Allocations	\$ 668,891	\$ 796,308

These amounts do not include contributions that donors have designated for a specific beneficiary. In addition the following allocations have been made:

Area Food Shelves were allocated \$20,000 in funding through United Way of Northeastern Minnesota's COVID-19 Relief Fund.

Boy Scouts/Voyageur Area Council has a remaining balance of \$8,120 available for distribution upon completing intended programming.

Camp Chicagami has a remaining balance of \$4,870 available for distribution upon completing intended programming.

**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 \$10,661 and \$9,563 to the plan during the years ended March 31, 2021 and 2020, 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:

**UNITED WAY OF NORTHEASTERN MINNESOTA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**

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

*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, 2021 and 2020 are as follows:

	2021			Total
	Level 1	Level 2	Level 3	
Funds Held at Lincoln Financial	\$ 47,917	\$ -	\$ -	\$ 47,917
Minnesota Community Foundation	-	-	1,386,970	1,386,970

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

Instrument	Fair Value		Principal Valuation Technique	Unobservable Inputs
	2021	2020		
Minnesota Community Foundation	\$ 1,386,970	\$ 1,102,785	FMV of Investments	Value of Underlying Assets

For the year ending March 31, 2021, there were transfers into the Fund of \$-0- and \$51,071 of transfers out of the Fund. For the year ending March 31, 2020, there were transfers into the Fund of \$-0- and \$51,151 of transfers out of the Fund.

**UNITED WAY OF NORTHEASTERN MINNESOTA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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 \$5,723 and \$3,642 at March 31, 2021 and 2020, 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>
2022	\$ 2,532
2023	2,532
2024	<u>633</u>
Total Minimum Lease Payments	5,697
Less: Amount Representing Interest on Capital Lease Payable	<u>(500)</u>
Net Minimum Capital Lease Payable	<u><u>\$ 5,197</u></u>

**NOTE 9 CONCENTRATIONS**

Three organizations account for approximately 53% of gross campaign results revenue for the year ended March 31, 2021.

Three organizations account for approximately 65% of net contributions receivable as of March 31, 2021.

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.

**UNITED WAY OF NORTHEASTERN MINNESOTA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021 AND 2020**

**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, 2021 and 2020, 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.

	2021	2020
Cash	\$ 966,973	\$ 516,145
Contributions Receivable, Net	454,684	461,382
Funds Held by Lincoln Financial	47,917	33,378
Investments	331,439	329,769
Total Financial Assets	<u>1,801,013</u>	<u>1,340,674</u>
Net Assets With Donor Restriction	<u>(39,759)</u>	<u>(22,299)</u>
Total Financial Assets, Net	<u>\$ 1,761,254</u>	<u>\$ 1,318,375</u>

**NOTE 11 RISKS AND UNCERTAINTIES**

During the year ended March 31, 2021, 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 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 are still developing.

**UNITED WAY OF NORTHEASTERN MINNESOTA, INC.**  
**PROGRAM SERVICES**  
**YEAR ENDED MARCH 31, 2021**  
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>Allocating</u>	<u>Planning</u>	<u>Other</u>	<u>Total</u>
Salaries	\$ 82,743	\$ 82,743	\$ 93,087	\$ 258,573
Payroll Taxes	6,752	6,752	7,596	21,100
Employee Benefits	12,822	12,822	14,424	40,068
Total Salaries and Related Expenses	<u>102,317</u>	<u>102,317</u>	<u>115,107</u>	<u>319,741</u>
Telephone	1,659	1,659	1,865	5,183
Supplies	630	630	709	1,969
Travel	306	306	344	956
Postage	391	391	440	1,222
Campaign Supplies	2,850	2,850	3,205	8,905
Professional Fees	4,525	4,525	5,092	14,142
Equipment Maintenance	975	975	1,098	3,048
Occupancy	4,905	4,905	5,518	15,328
Equipment Purchase	98	98	109	305
Business and Special Meetings	371	371	417	1,159
Training	325	325	365	1,015
Miscellaneous	805	805	905	2,515
Membership Dues	5,348	5,348	6,018	16,714
Depreciation	10,083	10,083	11,342	31,508
Total	<u>\$ 135,588</u>	<u>\$ 135,588</u>	<u>\$ 152,534</u>	<u>\$ 423,710</u>

**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	<u>9,809</u>	<u>9,809</u>	<u>11,034</u>	<u>30,652</u>
Total	<u>\$ 133,152</u>	<u>\$ 133,152</u>	<u>\$ 149,790</u>	<u>\$ 416,094</u>

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