

UNITED WAY OF NORTHEASTERN MINNESOTA
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED MARCH 31, 2022 AND 2021



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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, 2022 and 2021, 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, 2022 and 2021, 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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.



CliftonLarsonAllen LLP

Monticello, Minnesota
October 11, 2022

**UNITED WAY OF NORTHEASTERN MINNESOTA
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2022 AND 2021**

ASSETS	<u>2022</u>	<u>2021</u>
Cash	\$ 1,351,535	\$ 966,973
Cash - Deposits Held for Others	45,663	55,493
Investments	333,484	331,439
Contributions Receivable, Less Allowance for Uncollectibles of \$75,000 for 2022 and 2021	369,564	454,684
Prepaid Expenses	10,693	661
Property and Equipment, Net	1,037,209	1,080,647
Funds Held by Foundation	1,461,883	1,386,970
Funds Held by Lincoln Financial	49,235	47,917
Total Assets	<u>\$ 4,659,266</u>	<u>\$ 4,324,784</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Allocation and Designations Payable	\$ 392,700	\$ 302,310
Deposits Held for Others	45,663	55,493
Retirement Plan	2,508	-
Accounts Payable	23,089	21,812
Capital Lease Payable	3,002	5,197
Total Liabilities	<u>466,962</u>	<u>384,812</u>
NET ASSETS		
Without Donor Restrictions - Designated:		
Property and Equipment	1,034,207	1,075,450
Funds Held by Foundation	1,461,883	1,386,970
Without Donor Restrictions - Undesignated	1,675,072	1,437,793
With Donor Restrictions	21,142	39,759
Total Net Assets	<u>4,192,304</u>	<u>3,939,972</u>
Total Liabilities and Net Assets	<u>\$ 4,659,266</u>	<u>\$ 4,324,784</u>

See accompanying Notes to Financial Statements.

**UNITED WAY OF NORTHEASTERN MINNESOTA
STATEMENTS OF ACTIVITIES
YEARS ENDED MARCH 31, 2022 AND 2021**

	2022	2021
NET ASSETS WITHOUT DONOR RESTRICTIONS		
PROGRAM SUPPORT AND REVENUE		
Gross Campaign Results	\$ 935,397	\$ 987,278
Less: Donor Designations	-	(7,458)
Less: Provision for Uncollected Accounts	(49,640)	(86,665)
Net Campaign Revenue	885,757	893,155
Contribution Income	143,801	326,115
Initiative Contributions	372,434	336,626
Gifts in Kind - Good 360	267,953	201,869
Special Events	293,883	237,606
Total Public Support	1,963,828	1,995,371
Investment Income	3,381	16,229
Funds Held by Foundation Investment Income	128,950	335,256
Paycheck Protection Program Loan Forgiveness	-	52,800
Release from Restrictions	18,617	-
Total Revenue	2,114,776	2,399,656
ALLOCATIONS AND EXPENSES		
Allocations and Program Services:		
Gross Allocations to Agencies for Programs	435,200	305,883
Less: Donor Designations	-	(7,458)
Net Allocations Awarded	435,200	298,425
Initiative Distributions	353,764	363,008
Gifts in Kind Distributions	279,011	209,180
COVID Distributions	53,660	165,902
Program Services	417,753	423,710
Total Allocations and Program Services	1,539,388	1,460,225
Supporting Services:		
Management and General	98,258	99,701
Fundraising	206,181	163,116
Total Allocations and Expenses	1,843,827	1,723,042
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	270,949	676,614
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	-	17,460
Release from Restrictions	(18,617)	-
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	(18,617)	17,460
CHANGE IN NET ASSETS	252,332	694,074
NET ASSETS		
Beginning of Year	3,939,972	3,245,898
End of Year	\$ 4,192,304	\$ 3,939,972

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
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
STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 252,332	\$ 694,074
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Paycheck Protection Program Loan Forgiveness	-	(52,800)
Depreciation	47,736	46,336
Change in Beneficial Interest in Assets Held by Others	(76,231)	(298,724)
Unrealized Gain on Investments	(2,045)	-
Decrease in Contributions Receivable	85,120	6,698
Increase in Prepaid Expenses	(10,032)	(149)
Increase (Decrease) in Liabilities:		
Allocation and Designations Payable	90,390	15,060
Accounts Payable	1,277	845
Retirement Plan Liability	2,508	-
Deposits Held for Others	(9,830)	1,810
Net Cash Provided by Operating Activities	381,225	413,150
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	-	(52,741)
Proceeds on Sale of Investments	-	51,071
Purchase of Property and Equipment	(4,298)	(9,615)
Net Cash Used by Investing Activities	(4,298)	(11,285)
CASH FLOWS FROM FINANCING ACTIVITIES		
Paycheck Protection Program Loan Proceeds	-	52,800
Payments on Capital Lease	(2,195)	(2,027)
Net Cash Provided (Used) by Financing Activities	(2,195)	50,773
NET INCREASE IN CASH	374,732	452,638
Cash - Beginning of Year	1,022,466	569,828
CASH - END OF YEAR	\$ 1,397,198	\$ 1,022,466
SUPPLEMENTAL DISCLOSURES		
Cash	\$ 1,351,535	\$ 966,973
Cash - Deposits Held for Others	45,663	55,493
Total Cash	\$ 1,397,198	\$ 1,022,466

See accompanying Notes to Financial Statements.

**UNITED WAY OF NORTHEASTERN MINNESOTA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

NOTE 1 NATURE OF 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 United Way of Northeastern Minnesota, 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, 2022 AND 2021**

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.

	<u>2022</u>	<u>2021</u>
Equipment	\$ 100,425	\$ 96,127
Building	493,550	493,550
Building Improvements	630,817	630,817
Less: Accumulated Depreciation	(187,583)	(139,847)
Net Property and Equipment	<u>\$ 1,037,209</u>	<u>\$ 1,080,647</u>

**UNITED WAY OF NORTHEASTERN MINNESOTA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

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 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.

**UNITED WAY OF NORTHEASTERN MINNESOTA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

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 October 11, 2022, the date the financial statements were available to be issued.

**UNITED WAY OF NORTHEASTERN MINNESOTA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

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

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.

Related Party Transactions

The Organization receives contributions throughout the year from members of the board of directors. During the years ended March 31, 2022 and 2021, the Organization received \$29,929 and \$52,362, 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
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

NOTE 3 ALLOCATION AND DESIGNATIONS PAYABLE

	<u>2022</u>	<u>2021</u>
Community Care Allocation Payable	\$ 392,700	\$ 294,852
Donor Designated Pledges	-	7,458
Total	<u>\$ 392,700</u>	<u>\$ 302,310</u>

The Organization receives various donor pledges that are designated for specific beneficiaries. The Organization is considered an agent for the donor-designated beneficiaries and, as such, records amounts received from the donor as a liability to the designated beneficiaries. The donor-designated pledges are not included in revenue of the Organization. During the years ended March 31, 2022 and 2021, the Organization raised \$-0- and \$7,458, 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:

	<u>2022</u>	<u>2021</u>
Building Fund	\$ 1,142	\$ 2,259
Sales Force Software	20,000	20,000
Time Restricted	-	17,500
Total Net Assets With Donor Restrictions	<u>\$ 21,142</u>	<u>\$ 39,759</u>

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

	<u>2022</u>	<u>2021</u>
Building Fund	\$ 1,117	\$ -
Time Restricted	17,500	-
Total Release from Restrictions	<u>\$ 18,617</u>	<u>\$ -</u>

**UNITED WAY OF NORTHEASTERN MINNESOTA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

NOTE 5 ALLOCATIONS TO AGENCIES

Allocations awarded and payable to agencies were as follows:

	<u>2022</u>	<u>2021</u>
Community Care Allocation Payable	\$ 392,700	\$ 294,852
Donor Designated Pledges	-	7,458
Total	<u>\$ 392,700</u>	<u>\$ 302,310</u>
Advocates for Family Peace	\$ 22,500	\$ 22,500
Angel Fund	10,000	6,000
Arrowhead Center - Adolescent Meals	10,000	10,000
Boy Scouts/Voyageur Area Council	-	1,880
Camp Chicagami	20,000	130
Care Partners	25,000	19,000
Check & Connect	10,500	-
Chrisholm Food Shelf	3,000	-
Ely Community Health Center	11,000	9,500
Ely Community Resource	15,000	10,000
Girl Scouts Leadership Pathways	7,500	7,500
Hibbing Public Library	3,600	-
Habitat for Humanity - NSLC	-	25,000
Northwoods Care Partners	30,000	25,000
NSLC Habitat for Humanity	40,000	-
Project Care	20,000	20,000
Quad Cities Food Shelf	7,500	-
Range Transitional Housing	25,000	20,000
Salvation Army - Hibbing	21,900	12,600
Salvation Army - Virginia	8,600	8,200
Second Harvest N. Lake Food Bank	25,000	20,000
Serve MN	10,000	6,500
Sexual Assault Program of NSLC	30,000	25,000
Support Within Reach (Itasca AASA)	6,000	5,000
SWOP - Summer Work Outreach Project	-	2,500
Volunteers in Education	16,000	16,000
Other Distributions	<u>15,100</u>	<u>3,150</u>
Iron Range Allocations	393,200	275,460
Falls Hunger Coalition	7,500	4,500
Friends Against Abuse	8,500	7,000
Koochiching Aging Options	3,500	3,500
Salvation Army	15,000	15,000
Other Distributions	<u>7,500</u>	<u>423</u>
Koochiching Allocations	<u>42,000</u>	<u>30,423</u>
Total Community Care Allocations	435,200	305,883

**UNITED WAY OF NORTHEASTERN MINNESOTA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

NOTE 5 ALLOCATIONS TO AGENCIES (CONTINUED)

	2022	2021
Smiles Across Minnesota	\$ 2,067	\$ 22,108
Imagination Library	63,155	62,610
Buddy Backpack	214,279	178,863
United for Veterans	36,503	17,513
Bright Beginnings - Childcare Expansion Grants	-	48,000
Meet Up and Chow Down	922	656
Child Care Technical Assistance Fund	-	1,650
Read for the Record	-	224
Food Disbursements	36,806	31,384
Kids Hygiene Kits	32	-
Total Initiatives Distributions	353,764	363,008
Total Agency Allocations	\$ 788,964	\$ 668,891

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, 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.

	2022	2021
Boys and Girls Club of Hibbing	\$ 50,000	\$ -
Star of the North Maternity Home	25,000	-
Volunteers in Education	8,000	-
Total Conditional Allocations	\$ 83,000	\$ -

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 \$6,814 and \$10,661 to the plan during the years ended March 31, 2022 and 2021, 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 \$5,015 and \$-0- to the plan during the years ended March 31, 2022 and 2021, respectively.

**UNITED WAY OF NORTHEASTERN MINNESOTA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

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, 2022 and 2021 are as follows:

	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
	2021			
	Level 1	Level 2	Level 3	Total
Funds Held at Lincoln Financial	\$ 47,917	\$ -	\$ -	\$ 47,917
Funds Held by Foundation	-	-	1,386,970	1,386,970
Instrument	Fair Value		Principal Valuation Technique	Unobservable Inputs
	2022	2021		Value of Underlying Assets
Funds Held by Foundation	\$ 1,461,883	\$ 1,386,970	FMV of Investments	

**UNITED WAY OF NORTHEASTERN MINNESOTA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

NOTE 7 FAIR VALUE MEASUREMENTS (CONTINUED)

For the year ending March 31, 2022, there were transfers into the Fund of \$-0- and \$54,037 of transfers out of the Fund. For the year ending March 31, 2021, there were transfers into the Fund of \$-0- and \$51,071 of transfers out of the Fund.

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

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 \$7,804 and \$5,723 at March 31, 2022 and 2021, 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
Total Minimum Lease Payments	3,165
Less: Amount Representing Interest on Capital Lease Payable	(163)
Net Minimum Capital Lease Payable	\$ 3,002

NOTE 9 CONCENTRATIONS

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.

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, March 31, 2021.

**UNITED WAY OF NORTHEASTERN MINNESOTA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022 AND 2021**

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, 2022 and 2021 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.

	<u>2022</u>	<u>2021</u>
Cash	\$ 1,351,535	\$ 966,973
Contributions Receivable, Net	369,564	454,684
Funds Held by Lincoln Financial	49,235	47,917
Investments	<u>333,484</u>	<u>331,439</u>
Total Financial Assets	2,103,818	1,801,013
Net Assets With Donor Restriction	<u>(21,142)</u>	<u>(39,759)</u>
Total Financial Assets, Net	<u>\$ 2,082,676</u>	<u>\$ 1,761,254</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>

**UNITED WAY OF NORTHEASTERN MINNESOTA
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>



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