

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
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**DANA F. COLE
& COMPANY_{LLP}**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
United Way of Southwest Minnesota
Marshall, Minnesota

We have audited the accompanying financial statements of United Way of Southwest Minnesota (a nonprofit organization), which comprise the statements of financial position as of June 30, 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 of 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Southwest Minnesota as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 20 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.

Dana J Cole + Company, LLP

Marshall, Minnesota
November 22, 2021

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

| ASSETS | | 2021 | 2020 |
|--|--|--------------------|--------------------|
| CURRENT ASSETS | | | |
| Cash | | 335,565 | 354,519 |
| Investments - short-term | | 415,627 | 392,491 |
| Reimbursement receivable | | | 5,000 |
| Contributions receivable, net of allowance for uncollectible accounts of \$16,764 for 2021 and \$20,351 for 2020 | | 82,985 | 106,382 |
| Prepaid expenses | | 5,649 | 5,873 |
| Inventory | | 104 | 210 |
| Total current assets | | <u>839,930</u> | <u>864,475</u> |
| PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$18,319 for 2021 and \$16,611 for 2020 | | | |
| | | <u>790</u> | <u>2,498</u> |
| TOTAL ASSETS | | <u>840,720</u> | <u>866,973</u> |
| LIABILITIES AND NET ASSETS | | | |
| CURRENT LIABILITIES | | | |
| Accounts payable and accrued liabilities | | 1,982 | 2,532 |
| Distributions to charities payable | | 247,650 | 228,471 |
| Total current liabilities | | <u>249,632</u> | <u>231,003</u> |
| NET ASSETS | | | |
| Net assets without donor restrictions | | 508,103 | 529,588 |
| Net assets with donor restrictions | | | |
| Restricted by purpose or time | | 82,985 | 106,382 |
| Total net assets | | <u>591,088</u> | <u>635,970</u> |
| TOTAL LIABILITIES AND NET ASSETS | | <u>840,720</u> | <u>866,973</u> |

See accompanying notes to financial statements.

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|----------------|
| REVENUES AND OTHER SUPPORT | | | |
| Net campaign contribution revenue | 372,349 | 82,985 | 455,334 |
| Satisfaction of restrictions: time | 106,382 | (106,382) | |
| Investment income | 3,469 | | 3,469 |
| Unclaimed/forfeited funds | 6,800 | | 6,800 |
| In-kind contributions | 3,000 | | 3,000 |
| Internal program income | 585 | | 585 |
| PPP loan forgiveness | 29,105 | | 29,105 |
| Lyon County grant | 10,000 | | 10,000 |
| Total revenues and other support | <u>531,690</u> | <u>(23,397)</u> | <u>508,293</u> |
| EXPENSES | | | |
| Program | | | |
| Distributions to charities | 368,795 | | 368,795 |
| Other program expenses | 93,970 | | 93,970 |
| Total program | <u>462,765</u> | | <u>462,765</u> |
| Supporting services | | | |
| Management and general | 29,807 | | 29,807 |
| Fundraising | 60,603 | | 60,603 |
| Total supporting services | <u>90,410</u> | | <u>90,410</u> |
| Total expenses | <u>553,175</u> | | <u>553,175</u> |
| CHANGE IN NET ASSETS | (21,485) | (23,397) | (44,882) |
| NET ASSETS, beginning of year | <u>529,588</u> | <u>106,382</u> | <u>635,970</u> |
| NET ASSETS, end of year | <u>508,103</u> | <u>82,985</u> | <u>591,088</u> |

See accompanying notes to financial statements.

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

| | Without Donor Restrictions | With Donor Restrictions | Total |
|------------------------------------|-------------------------------|----------------------------|----------------|
| REVENUES AND OTHER SUPPORT | | | |
| Net campaign results | 454,829 | 106,382 | 561,211 |
| Satisfaction of restrictions: time | 112,511 | (112,511) | |
| Investment income | 14,423 | | 14,423 |
| Reimbursements | 1,708 | | 1,708 |
| Unclaimed/forfeited funds | 2,000 | | 2,000 |
| In-kind contributions | 3,165 | | 3,165 |
| Internal program income | 6,097 | | 6,097 |
| PPP loan forgiveness | 29,100 | | 29,100 |
| Miscellaneous income | 100 | | 100 |
| Total revenues and other support | <u>623,933</u> | <u>(6,129)</u> | <u>617,804</u> |
| EXPENSES | | | |
| Program | | | |
| Distributions to charities | 338,704 | | 338,704 |
| Other program expenses | <u>105,710</u> | | <u>105,710</u> |
| Total program | <u>444,414</u> | | <u>444,414</u> |
| Supporting services | | | |
| Management and general | 39,942 | | 39,942 |
| Fundraising | <u>63,493</u> | | <u>63,493</u> |
| Total supporting services | <u>103,435</u> | | <u>103,435</u> |
| Total expenses | <u>547,849</u> | | <u>547,849</u> |
| CHANGE IN NET ASSETS | 76,084 | (6,129) | 69,955 |
| NET ASSETS, beginning of year | <u>453,504</u> | <u>112,511</u> | <u>566,015</u> |
| NET ASSETS, end of year | <u>529,588</u> | <u>106,382</u> | <u>635,970</u> |

See accompanying notes to financial statements.

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

| | 2021 | 2020 |
|--|-----------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | <u>(44,882)</u> | <u>69,955</u> |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 1,708 | 2,686 |
| (Increase) decrease in: | | |
| Reimbursement receivable | 5,000 | (5,000) |
| Contributions receivable | 23,397 | 6,129 |
| Prepaid expenses | 224 | 1,651 |
| Inventory | 106 | 949 |
| Increase (decrease) in: | | |
| Accounts payable and accrued liabilities | (550) | 201 |
| Distributions to charities payable | 19,179 | 755 |
| Net adjustments | <u>49,064</u> | <u>7,371</u> |
| Net cash provided by operating activities | <u>4,182</u> | <u>77,326</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of investments | | 203,327 |
| Purchase of investments | <u>(23,136)</u> | <u>(14,033)</u> |
| Net cash provided by (used in) investing activities | <u>(23,136)</u> | <u>189,294</u> |
| NET INCREASE (DECREASE) IN CASH | (18,954) | 266,620 |
| CASH, beginning of year | <u>354,519</u> | <u>87,899</u> |
| CASH, end of year. | <u>335,565</u> | <u>354,519</u> |

See accompanying notes to financial statements.

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

| | Program Services | Support Services | | Total |
|--------------------------------|---------------------|------------------------------|-------------|---------|
| | | Management and General | Fundraising | |
| Distributions to charities | 368,795 | | | 368,795 |
| Wages and employee expenses | 64,967 | 18,740 | 41,229 | 124,936 |
| Promotions | | | 4,397 | 4,397 |
| Telephone | 1,159 | 327 | 719 | 2,205 |
| Rent | 13,380 | 1,690 | 4,151 | 19,221 |
| Insurance | 1,029 | 297 | 653 | 1,979 |
| Services and professional fees | 3,891 | 5,853 | 2,618 | 12,362 |
| Postage/box rent | 163 | 57 | | 220 |
| Memberships and dues | 954 | 275 | 606 | 1,835 |
| Payments to affiliates | 4,639 | 1,338 | 2,944 | 8,921 |
| Travel/meals/conferences | 258 | 647 | 341 | 1,246 |
| Depreciation/maintenance | 1,138 | 328 | 722 | 2,188 |
| Supplies | 1,340 | 140 | 308 | 1,788 |
| Miscellaneous | 1,052 | 115 | 1,915 | 3,082 |
| Total costs | 462,765 | 29,807 | 60,603 | 553,175 |

United Way of Southwest Minnesota's overhead ratio, computed using the net method, is 17.79%.

See accompanying notes to financial statements.

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

| | Program Services | Support Services | | Total |
|--------------------------------|---------------------|------------------------------|-------------|---------|
| | | Management and General | Fundraising | |
| Distributions to charities | 338,704 | | | 338,704 |
| Wages and employee expenses | 77,409 | 26,795 | 44,659 | 148,863 |
| Promotions | | | 7,262 | 7,262 |
| Telephone | 1,255 | 339 | 566 | 2,160 |
| Rent | 13,546 | 2,066 | 3,767 | 19,379 |
| Insurance | 1,129 | 391 | 651 | 2,171 |
| Services and professional fees | 1,940 | 5,381 | 818 | 8,139 |
| Postage/box rent | | 227 | 5 | 232 |
| Memberships and dues | 1,120 | 387 | 646 | 2,153 |
| Payments to affiliates | 3,175 | 1,098 | 1,832 | 6,105 |
| Travel/meals/conferences | 962 | 1,621 | | 2,583 |
| Depreciation/maintenance | 1,573 | 545 | 908 | 3,026 |
| Supplies | 1,166 | 769 | 204 | 2,139 |
| Advertising | 300 | 17 | | 317 |
| Miscellaneous | 2,135 | 306 | 2,175 | 4,616 |
| Total costs | 444,414 | 39,942 | 63,493 | 547,849 |

United Way of Southwest Minnesota's overhead ratio, computed using the net method, is 16.74%.

See accompanying notes to financial statements.

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

United Way of Southwest Minnesota is a Minnesota nonprofit corporation. It is a local autonomous 501(c)(3) organization working to create lasting changes in people's lives and the communities in Lincoln, Lyon, Murray, Yellow Medicine, and portions of Cottonwood, Lac qui Parle, Nobles, and Redwood counties of Minnesota.

Financial Statement Presentation

The financial statements report amounts by class of net assets, as required by ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve, as well as net assets for various other purposes as detailed in Note 9.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are subject to donor-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. 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, and are reported in the statements of activities as net assets released from restrictions.

Contributions restricted by donors received in the same period when the associated stipulated time or purpose restriction is accomplished are reported as increases in net assets without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions.

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

The Organization utilizes FASB ASC 958-605, *Not-for-Profit Entities Revenue Recognition*. FASB ASC 958-605 requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. The Paycheck Protection Program (PPP) Loan forgiveness is considered a conditional contribution.

Contributed Materials and Services

The Organization records various types of in-kind contributions. Contributed services are recognized at fair market value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

Volunteers

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with its operations. Management estimates that it receives the equivalent in volunteer hours of one part-time worker. The volunteer hours have not been recorded in the financial statements since those services do not meet the criteria for recognition.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. At June 30, 2021 and 2020, the Organization had no cash equivalents.

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions Receivable

The Organization uses the allowance method to account for uncollectible contributions receivable.

Inventory

Inventories are valued at the lower of cost or net realizable value. Cost is determined using the first-in, first-out (FIFO) method. Net realizable value is based on the selling price.

Certificate of Deposit

The Organization invests cash in excess of its immediate needs in certificates of deposit which are reported as short-term investments in the statement of financial position. The certificates of deposit are reported at cost plus accrued interest, which closely approximates fair value, due to the short-term nature of these investments.

Property and Equipment

Property and equipment are stated at cost, if purchased, or fair value, if donated. The Organization's equipment is comprised of software and office equipment. Major expenditures for property and those which substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Depreciation

The Organization provides for depreciation of property and equipment using annual rates which are sufficient to amortize the cost of depreciable assets using the straight-line method over their estimated useful lives, which range from 3 to 7 years.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

The Organization utilizes the provisions of FASB ASC 740-10, *Accounting for Uncertain Tax Positions*. The Organization continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that would be material to the financial statements.

Compensated Absences

All year-round employees are entitled to paid vacation. Accrued vacation pay was deemed immaterial and not accrued.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$-0- and \$317 for the years ended June 30, 2021 and 2020, respectively.

Revenue Recognition

The Organization has analyzed the provisions of the FASB's ASC Topic 606, *Revenue from Contracts with Customers*, and has concluded that no changes are necessary to conform with the standard. Our sales contain a single delivery element and revenue is recognized at a single point in time when ownership, risks, and rewards transfer.

Revenue With or Without Donor Restrictions

Contributions that are restricted by the donor are reported 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. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purpose of property and equipment. Otherwise, donor restrictions on contributions of property and equipment of assets restricted for purchase of property or equipment are considered to expire when the assets are placed in service. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue With or Without Donor Restrictions (Continued)

Unconditional promises to give (pledges) are recorded as receivables and revenue and require United Way of Southwest Minnesota to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Special Fundraising Event Revenue

The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event (the exchange component) and a portion represents a contribution to the Organization. The fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are recorded as costs of direct donor benefits in the statement of activities. The performance obligation is delivery of the event, which is usually accompanied by a presentation, with the event fee set by the Organization. FASB ASU 2014-09 requires allocation of the transaction price to the performance obligations. Accordingly, the Organization separately presents in the statement of activities, or notes to the financial statements, the exchange and contribution components of the gross proceeds from special events. Special event fees collected in advance of delivery of the event are initially recognized as liabilities (deferred revenue) and are only recognized in the statements of activities after delivery of the special event has occurred. For special event fees received before year end that are for an event to occur after year end, follows AICPA guidance where the inherent contribution is conditioned on the event taking place, and is therefore treated as a refundable advance along with the exchange component.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Directly identifiable expenses are charged to programs, fundraising, or management and general depending on the reason the expenses were incurred. Expenses related to more than one function are charged to the functional classifications on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 2. CONCENTRATION OF CREDIT RISK

The Organization has deposits at several financial institutions insured up to the \$250,000 federally insured limit by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2021, the Organization's cash balances were fully insured. At June 30, 2020, the amount of deposits not covered was \$87,143.

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of promises to give receivable. Such credit risk with respect to promises receivable are limited due to the large number of contributions comprising the Organization's contributor base and their dispersion across different industries and geographic areas. As of June 30, 2021 and 2020, the Organization had no significant concentrations of credit risk.

Approximately 17% of the Organization's funding is provided from contributions from Schwan's Corporate Giving Foundation and Schwan's Company subsidiary employees. Approximately 20% of the Organization's funding is provided from contributions from U.S. Bank Foundation and U.S. Bank employees. Approximately 11% of the Organization's funding is provided from contributions from North Star Mutual Insurance Company and North Star Mutual Insurance Company employees. If these major funding sources were lost, the Organization could not continue the level of services currently provided.

NOTE 3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available to meet cash needs for general expenditures within one year of the balance date are as follows:

| | 2021 | 2020 |
|--------------------------|---------|---------|
| Cash | 335,565 | 354,519 |
| Short-term investments | 415,627 | 392,491 |
| Reimbursement receivable | | 5,000 |
| | 751,192 | 752,010 |

The Organization is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments.

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 4. RECOGNITION OF CONTRIBUTIONS

Contributions, whether in the form of cash, unconditional promises to give, other assets or expenses, or the settlement of a liability, are recognized as revenue or gains in the period received, net of expected pledge loss and net of contributions designated to different agencies by the donor. They are recognized as assets, decreases of liabilities, or expenses depending on the form of the benefit received. The detail of the contribution revenue is as follows:

| | 2021 | 2020 |
|--|----------|----------|
| 2019 campaign contributions | | 466,705 |
| 2020 campaign contributions | 398,018 | 77,915 |
| 2021 campaign contributions | 61,994 | |
| Special event - contributions | 2,331 | 23,062 |
| Special event - exchange | 675 | 4,153 |
| Gross campaign contribution revenue | 463,018 | 571,835 |
| Less: cost of direct donor benefits | (675) | (4,153) |
| Less: expected pledge loss | (16,764) | (20,351) |
| Add: prior year expected pledge loss in excess of actual write-offs | 9,755 | 13,880 |
| Net campaign contribution revenue | 455,334 | 561,211 |

Actual contribution receivable write-offs for 2021 and 2020 were \$10,597 and \$7,178, respectively.

NOTE 5. CONTRIBUTIONS RECEIVABLE

Promises to give, net of allowance for doubtful accounts, are due to be collected as follows:

| | 2021 | 2020 |
|---|----------|----------|
| Within one year | 99,749 | 126,733 |
| One to five years | - 0 - | - 0 - |
| More than five years | - 0 - | - 0 - |
| | 99,749 | 126,733 |
| Less: allowance for uncollectible contributions | (16,764) | (20,351) |
| Total contributions receivable | 82,985 | 106,382 |

NOTE 6. INVENTORY

Inventory consists of the following at June 30, 2021 and 2020:

| | 2021 | 2020 |
|--|------------|------------|
| Wild About Kindergarten Activity Books | <u>104</u> | <u>210</u> |

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 7. LEASE COMMITMENTS

In September 2019, the Organization entered into a 5-year operating lease for a copier and printer. The lease runs from October 2019 through September 2024, with monthly payments of \$102.

In June 2015, the Organization entered into a 5-year lease for office space in Marshall, Minnesota. The lease runs from August 1, 2015 through July 31, 2020, with monthly payments of \$1,500. There is an option of an additional five years with rent to be determined at that time. After July 31, 2020, the Organization is renting on a month-to-month basis.

At June 30, 2021, a schedule of the future minimum rental payments required under the above is as follows:

| Year Ending June 30, | |
|-------------------------|--------------|
| 2022 | 1,220 |
| 2023 | 1,220 |
| 2024 | 1,220 |
| 2025 | 305 |
| 2026 | |
| Thereafter | |
| | <u>3,965</u> |

Total rent expense for 2021 and 2020 was \$19,220 and \$19,379, respectively.

NOTE 8. NET ASSETS

Net assets consist of:

| | 2021 | 2020 |
|---|----------------|----------------|
| Net assets without donor restrictions | | |
| Undesignated | 238,004 | 206,536 |
| Board-designated (see Note 9) | 269,309 | 320,554 |
| Net investment in property and equipment | 790 | 2,498 |
| Total net assets without donor restrictions | <u>508,103</u> | <u>529,588</u> |
| Net assets with donor restrictions | | |
| Subject to the passage of time: | | |
| Contributions receivable | <u>82,985</u> | <u>106,382</u> |
| | <u>591,088</u> | <u>635,970</u> |

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 9. BOARD-DESIGNATED NET ASSETS

The Organization's Board of Directors has established the following reserves of board-designated net assets:

Funded Depreciation Reserve - To serve as a source for future purchases of equipment. The maximum amount permitted by the Board is \$7,500.

Self-insurance Reserve - To cover deductibles, loss, claims, or costs which are not covered by other insurance.

Office Operating Expense Reserve - To provide stability for operating expenses of the United Way office. The minimum amount for this is three months of operating expenses and the maximum is six months of operating expenses.

Strategic Planning Reserve - To provide funds for any upcoming costs related to the work of the 2018 - 2020 Strategic Plan. This fund has been used in full.

Community Impact Reserve - To provide stability in the level of funding for community impact grants. The minimum amount for this is three months of program grants and the maximum is six months of program grants.

Special Projects Reserve - To provide funds for any upcoming special projects as determined by the Board.

Internal Program Reserve - To provide stability in funding for programs sponsored/co-sponsored by United Way of Southwest Minnesota, and to provide flexible funding for proposals that, through a collaborative process, would address high-priority community issues. The minimum for this is three months of Student Emergency Funds, Imagination Library and other internal program expenditures and the maximum is six months of Student Emergency Funds, Imagination Library and other internal program expenditures.

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NOTES TO FINANCIAL STATEMENTS

NOTE 9. BOARD-DESIGNATED NET ASSETS (Continued)

Board-designated net assets consist of the following as of June 30, 2021 and 2020, respectively:

| | 2021 | 2020 |
|----------------------------------|---------|---------|
| Internal Program Reserve | 52,635 | 62,573 |
| Office Operating Expense Reserve | 106,350 | 114,453 |
| Self-insurance Reserve | 5,000 | 5,000 |
| Special Projects Reserve | 5,620 | 19,556 |
| Strategic Planning Reserve | | 118 |
| Community Impact Reserve | 92,204 | 111,354 |
| Funded Depreciation Reserve | 7,500 | 7,500 |
| | 269,309 | 320,554 |

NOTE 10. PAYCHECK PROTECTION PROGRAM

On April 7, 2020, the Organization received a Paycheck Protection Program (PPP) loan in the amount of \$29,100 under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Under the CARES Act, the PPP loan can be forgiven if it is used for specific expenses that are indicated on the application. Any balance remaining after forgiveness amounts are applied is treated as a liability to be paid in full by April 7, 2022, with interest accruing at 1%. The Organization applied expenses for payroll and related expenses, rent expenses, and utility expenses to the PPP loan proceeds. In determining the use of these expenses, the Organization could choose to use the 8-week or 24-week period following the receipt of the funds in order to apply for loan forgiveness. United Way chose to implement the 24-week period. As of June 30, 2020, the Organization had fulfilled the spending requirements to have the full liability forgiven. Though they had not applied for forgiveness, United Way recognized the revenue in full leaving no liability remaining under the 'conditional contribution' guidelines of ASC 958-605 as of June 30, 2020. Shortly after this forgiveness was received.

On January 23, 2021, the Organization received a Paycheck Protection Program (PPP) loan in the amount of \$29,105 under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Under the CARES Act, the PPP loan can be forgiven if it is used for specific expenses that are indicated on the application. Any balance remaining after forgiveness amounts are applied is treated as a liability to be paid in full by January 23, 2023, with interest accruing at 1%. The Organization applied expenses for payroll and related expenses, rent expenses, and utility expenses to the PPP loan proceeds. In determining the use of these expenses, the Organization implemented the 24-week period. As of June 30, 2021, the Organization received forgiveness in full.

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NOTE 11. IN-KIND CONTRIBUTIONS

The Organization received in-kind contributions which were characterized as follows:

| | 2021 | 2020 |
|--------------------------------|--------------|--------------|
| <u>Statement of Activities</u> | | |
| Program | | |
| Advertising | | 300 |
| Services and professional fees | 1,530 | 780 |
| Total program | <u>1,530</u> | <u>1,080</u> |
| Management and general | | |
| Services and professional fees | 225 | 270 |
| Total management and general | <u>225</u> | <u>270</u> |
| Fundraising | | |
| Services and professional fees | 495 | 450 |
| Promotions | 750 | 1,365 |
| Total fundraising | <u>1,245</u> | <u>1,815</u> |
| Total statement of activities | <u>3,000</u> | <u>3,165</u> |
| Total in-kind contributions | <u>3,000</u> | <u>3,165</u> |

NOTE 12. SUBSEQUENT EVENTS

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 22, 2021, the date the financial statements were available to be issued.

Due to the recent spread of the Coronavirus (COVID-19) and anticipated slowing of donations that the Organization receives, a decline in revenue for the year ending June 30, 2022, is possible. The dollar amount of any decline in revenue related to COVID-19 is not known at the time of issuance of the financial statements.

SUPPLEMENTARY INFORMATION

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
SUPPLEMENTARY INFORMATION - SCHEDULES OF DISTRIBUTIONS TO CHARITY
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

| | 2021 | 2020 |
|--|----------------|----------------|
| | Distributions | Distributions |
| | to Charities | to Charities |
| Program Services - Distribution to Charities | | |
| Junior Achievement | 8,000 | 3,000 |
| Lake Benton Community Services - Food Shelf | | 5,000 |
| Loaves and Fishes - Marshall Community Meal Program | | 4,000 |
| Lutheran Social Services of Minnesota | 18,000 | 18,000 |
| Marshall Community Services | 2,500 | |
| Marshall Food 4 Kids | 7,500 | 3,000 |
| New Horizons Crisis Center - Crime Victim Services | 35,000 | 35,000 |
| New Horizons Crisis Center - Parenting Time Program | 18,000 | 15,000 |
| Prairie Five Community Action - Prairie Five Meals | 10,000 | 10,000 |
| Prairie Home Hospice & Community Care | 3,000 | |
| ServeMinnesota | 13,000 | 13,000 |
| SWWC Foundation for Innovation in Education | 8,000 | |
| United Community Action Partnership - Kitchen Table Food Shelves | 45,180 | 45,000 |
| United Community Action Partnership - Tax Preparation Clinic | 15,075 | 13,000 |
| United Community Action Partnership - The Refuge | 19,500 | 20,000 |
| United Community Action Partnership - Youth Development | 9,500 | 3,000 |
| WoMen's Rural Advocacy Program (WRAP) | 25,000 | 25,000 |
| Small Projects Grants | 14,357 | 10,500 |
| 1000 Books B4K | | 63 |
| Imagination Library | 58,673 | 61,634 |
| Other Internal Program Grants and Expenses | 7,153 | 4,420 |
| Special Projects | 8,824 | |
| COVID-19 Response | 20,500 | 20,195 |
| Stuff the Bus | 11,638 | 11,836 |
| Wild About Kindergarten | | 1,585 |
| School Emergency Grants | 9,905 | 12,747 |
| Designated | 490 | 3,724 |
| | <u>368,795</u> | <u>338,704</u> |