

**UNITED WAY OF OLMSTED COUNTY, INC.  
ROCHESTER, MINNESOTA**

**FINANCIAL STATEMENTS  
MARCH 31, 2016**



**UNITED WAY OF OLMSTED COUNTY, INC.**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
**United Way of Olmsted County, Inc.**  
Rochester, Minnesota

### Report on the Financial Statements

We have audited the accompanying financial statements of the United Way of Olmsted County, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2016, and the related statements of activity and changes in net assets, functional expenses, and cash flows for the year 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 auditor's 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 the United Way of Olmsted County, Inc. as of March 31, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors  
**United Way of Olmsted County, Inc.**  
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### **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, as listed in the table of contents, 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.

### **Report on Summarized Comparative Information**

We previously audited the United Way of Olmsted County, Inc. 2015 financial statements, and our report dated June 24, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Smith, Schafn and Associates, Ltd.*

Rochester, Minnesota  
June 20, 2016

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UNITED WAY OF OLMSTED COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

March 31, 2016 and 2015

<b>ASSETS</b>	<b>2016</b>	<b>2015</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 528,380	\$ 430,258
Investments (Note 2)	2,071,185	2,310,070
Pledges receivable, less allowance for doubtful accounts (March 31, 2016 - \$238,672; March 31, 2015 - \$254,585) (Note 3)	2,044,196	2,347,080
Prepaid expenses and other assets	34,792	30,844
Total Current Assets	<u>4,678,553</u>	<u>5,118,252</u>
<b>Property and Equipment, at cost</b>		
Land	77,525	77,525
Buildings and improvements	1,629,644	1,596,772
Furniture and equipment	157,551	187,942
Total Property	<u>1,864,720</u>	<u>1,862,239</u>
Less: Accumulated depreciation	<u>1,221,012</u>	<u>1,212,112</u>
Property and Equipment, Net	<u>643,708</u>	<u>650,127</u>
<b>TOTAL ASSETS</b>	<u>\$ 5,322,261</u>	<u>\$ 5,768,379</u>

See Notes to Financial Statements



<b>LIABILITIES AND NET ASSETS</b>	<b>2016</b>	<b>2015</b>
<b>Current Liabilities</b>		
Current maturities of long-term debt (Note 4)	\$ 32,559	\$ 31,372
Accounts payable and accrued expenses	57,070	31,312
Community program distributions payable	505,258	516,497
Donor designations payable	498,521	534,691
Deferred revenue	22,084	27,830
	<hr/>	
Total Current Liabilities	1,115,492	1,141,702
<b>Long Term Debt</b> (Note 4)	<b>45,518</b>	<b>77,949</b>
	<hr/>	
Total Liabilities	1,161,010	1,219,651
	<hr/>	
<b>Net Assets</b>		
Unrestricted:		
Undesignated:		
General	(3,644)	331,024
Invested in property, net of related debt	565,631	540,806
Board designated (Note 5)	698,614	652,478
Temporarily restricted (Note 5)	2,900,650	3,024,420
	<hr/>	
Total Net Assets	4,161,251	4,548,728
	<hr/>	
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,322,261</b>	<b>\$ 5,768,379</b>
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UNITED WAY OF OLMSTED COUNTY, INC.

STATEMENT OF ACTIVITY AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED MARCH 31, 2016  
(With Comparative Totals for the Years Ended March 31, 2015)

	2016			2015 Totals
	Unrestricted	Temporarily Restricted	Totals	
<b>Public Support and Revenue</b>				
Current campaign to date	\$ 68,917	\$ 3,791,447	\$ 3,860,364	\$ 4,131,982
Prior campaign	63,340		63,340	40,679
Total	132,257	3,791,447	3,923,704	4,172,661
Less: Donor designations		813,325	813,325	832,988
Campaign contributions	132,257	2,978,122	3,110,379	3,339,673
Less: Estimated uncollectible pledges	6,194	162,350	168,544	169,677
Net campaign contributions	126,063	2,815,772	2,941,835	3,169,996
Program and grant income	162,177	53,400	215,577	138,355
Contributions - bequests and trusts	100,000		100,000	
Building rental income (loss) (Note 9)	(7,592)		(7,592)	9,577
Uncollected pledges adjustment				20,410
Administrative fees	3,958		3,958	17,865
Investment income (loss) (Note 2)	(152,545)		(152,545)	133,158
Total	232,061	2,869,172	3,101,233	3,489,361
<b>Net Assets Released from Restrictions (Note 5)</b>	2,992,942	(2,992,942)		
Total Support and Revenues	3,225,003	(123,770)	3,101,233	3,489,361
<b>Expenses</b>				
Program services				
Gross distributions to community programs	2,698,807		2,698,807	2,776,310
Less: Donor designations	(813,325)		(813,325)	(832,988)
Distributions to community programs, net	1,885,482		1,885,482	1,943,322
Other program service expenses	413,128		413,128	303,365
Advocacy, grant making, and result tracking	2,298,610		2,298,610	2,246,687
Internal community initiatives	516,427		516,427	497,998
Total program services	2,815,037		2,815,037	2,744,685
Supporting services	633,226		633,226	685,562
United Way Worldwide dues	40,447		40,447	39,369
Total expenses	3,488,710		3,488,710	3,469,616
Increase (Decrease) in Net Assets	(263,707)	(123,770)	(387,477)	19,745
<b>Net Assets - April 1</b>	1,524,308	3,024,420	4,548,728	4,528,983
<b>Net Assets - March 31</b>	\$ 1,260,601	\$ 2,900,650	\$ 4,161,251	\$ 4,548,728

See Notes to Financial Statements

**UNITED WAY OF OLMSTED COUNTY, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2016  
(With Comparative Totals for the Year Ended March 31, 2015)**

	Program Services		
	Advocacy, Grant Making, and Result Tracking	Internal Community Initiatives (Pages 20-21)	Total Program Services
Gross distributions	\$ 2,698,807	\$	\$ 2,698,807
Less: Donor designations	(813,325)		(813,325)
Community distributions, net	1,885,482		1,885,482
Salaries and wages	291,939	107,739	399,678
Employee benefits	40,200	26,583	66,783
Payroll taxes	23,997	9,141	33,138
Total salaries and benefits	356,136	143,463	499,599
Program expenses	4,000	313,703	317,703
Fees for professional services			
Advertising	3,021	7,443	10,464
Donor relationship management	150	1,089	1,239
Supplies	4,842	5,319	10,161
Technology	12,482	16,250	28,732
Occupancy	12,954	10,521	23,475
Equipment rental	2,790	5,334	8,124
Conferences, conventions, and training	9,037	6,062	15,099
Travel	2,786	4,255	7,041
Insurance	1,300	653	1,953
Special events and program services			
Depreciation		1,650	1,650
Miscellaneous	3,630	685	4,315
Sub-Total	56,992	372,964	429,956
United Way Worldwide dues			
<b>TOTAL EXPENSES</b>	<b>\$ 2,298,610</b>	<b>\$ 516,427</b>	<b>\$ 2,815,037</b>

**See Notes to Financial Statements**

Supporting Services

Resource Development	Management and General	Total Supporting Services	United Way Worldwide Dues	Totals	
				2016	2015
\$	\$	\$	\$	\$ 2,698,807 (813,325)	\$ 2,776,310 (832,988)
				1,885,482	1,943,322
197,504	148,609	346,113		745,791	685,806
30,467	32,812	63,279		130,062	120,521
16,848	11,856	28,704		61,842	57,208
244,819	193,277	438,096		937,695	863,535
				317,703	344,773
1,197	45,920	47,117		47,117	47,155
6,878	1,055	7,933		18,397	25,898
8,429	188	8,617		9,856	9,229
6,065	6,205	12,270		22,431	22,446
9,126	7,411	16,537		45,269	41,756
8,137	5,778	13,915		37,390	22,344
2,792	6,750	9,542		17,666	17,876
7,063	3,659	10,722		25,821	18,018
2,976	3,482	6,458		13,499	9,431
1,003	5,695	6,698		8,651	8,803
43,012		43,012		43,012	34,676
934	2,513	3,447		5,097	7,206
2,848	6,014	8,862		13,177	13,779
100,460	94,670	195,130		625,086	623,390
			40,447	40,447	39,369
\$ 345,279	\$ 287,947	\$ 633,226	\$ 40,447	\$ 3,488,710	\$ 3,469,616

**UNITED WAY OF OLMSTED COUNTY, INC.**

**STATEMENTS OF CASH FLOWS**

**For the Year Ended March 31, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Cash Flows From Operating Activities</b>		
Cash received from contributors	\$ 4,308,661	\$ 3,925,883
Interest earnings received	105,038	135,870
Cash received from other sources	131,803	139,195
Community program distributions, cash paid to other organizations	(2,751,962)	(2,860,466)
Cash paid to United Way Worldwide	(40,447)	(39,369)
Cash paid to suppliers	(634,462)	(527,004)
Cash paid to and on behalf of employees	(937,695)	(863,535)
	<hr/>	<hr/>
Net Cash Provided By (Used In) Operating Activities	180,936	(89,426)
	<hr/>	<hr/>
<b>Cash Flows From Investing Activities</b>		
Net proceeds from (purchase of) investments	(18,698)	67,248
Purchase of property and equipment	(32,872)	
	<hr/>	<hr/>
Net Cash Provided By (Used In) Investing Activities	(51,570)	67,248
	<hr/>	<hr/>
<b>Cash Flows From Financing Activities</b>		
Principal paid on long-term debt	(31,244)	(30,073)
	<hr/>	<hr/>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>98,122</b>	<b>(52,251)</b>
<b>Cash and Cash Equivalents - April 1</b>	<b>430,258</b>	<b>482,509</b>
	<hr/>	<hr/>
<b>Cash and Cash Equivalents - March 31</b>	<b>\$ 528,380</b>	<b>\$ 430,258</b>
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**See Notes to Financial Statements**

2016

2015

**Reconciliation of Change in Net Assets to  
Net Cash Provided By (Used In) Operating Activities**

Change in Net Assets	\$ (387,477)	\$ 19,745
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	39,292	39,541
Uncollected pledges adjustment	168,544	149,267
Unrealized and realized loss on investments	257,583	2,712
(Increase) decrease in pledges receivable	134,339	(291,996)
(Increase) decrease in prepaid expenses and other assets	(3,948)	147,961
Increase (decrease) in accounts payable and accrued expenses	25,758	(72,500)
Increase in community program distributions payable	(11,239)	(9,046)
Increase (decrease) in donor designations payable	(36,170)	36,063
Decrease in deferred revenue	(5,746)	(107,412)
Decrease in funds held for the benefit of others		(3,761)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 180,936</u>	<u>\$ (89,426)</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid during the year for interest	\$ 3,654	\$ 4,811
<b>Supplemental Disclosure of Non-cash Transactions</b>		
Contributed supplies received	64,217	108,002
Contributed services received	4,700	3,000

**UNITED WAY OF OLMSTED COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS**

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**1. Nature of Activities and Summary of Significant Accounting Policies**

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Nature of Activities

The United Way of Olmsted County, Inc. (the Organization) is a non-profit charitable corporation (501(c)(3)) organized under the laws of the State of Minnesota. It is a community building organization, founded in 1925, governed by a volunteer board of directors, with a mission of “Uniting people and resources to improve lives in our community”, to advance the common good in the areas of education, income, health, and community basics.

Working together with organizations and individuals throughout Olmsted County, the Organization is changing and improving lives not only in the moment of need, but for the long-term. The majority of revenues come from the annual campaign. The campaign raises both restricted and unrestricted funds. The unrestricted funds are awarded to local projects and organizations by local volunteers who serve on community solution teams of the Organization and are approved by the Board of Directors.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenue is recognized as it is earned and expenses are recorded as incurred.

Basis of Presentation

Resources are classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. Not-for-profit entities topic 958 requires that unconditional promises to give (pledges) be recorded as receivables and revenue and requires the organization to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions. A description of the three net asset categories follows:

- Unrestricted – net assets that are not subject to any donor-imposed restrictions.
- Temporarily Restricted – net assets subject to donor-imposed restrictions that can be met either by actions of the Organization and/or the passage of time.
- Permanently Restricted – net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization.

Additional information on how these standards have been applied by the Organization can be found in paragraphs describing Revenue Recognition.

Cash and Cash Equivalents

The Organization considers all demand deposits and investments with an original maturity of three months or less to be cash equivalents.

Investments

Investments consist of money market and fixed income funds, U.S. and international equity funds, and other investments valued at fair value determined on an aggregate basis using level one inputs, defined as quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date. Unrealized gains and losses are included in the change in net assets.



**UNITED WAY OF OLMSTED COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**1. Nature of Activities and Summary of Significant Accounting Policies (Continued)**

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Pledges Receivable

All pledges receivable are due within one campaign collection cycle. Pledges are recorded as receivables and allowances are provided for amounts estimated to be uncollectible. The provision for uncollectible is computed based upon historical averages, adjusted by management's estimate of current economic factors, applied to the gross campaign.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor's restriction. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions. Contributions of non-cash assets are recorded at their fair values in the period received. 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 non-cash assets are recorded as unrestricted support.

Annual campaigns are conducted to raise support for pressing community needs. Amounts collected in current campaigns for future awards are recognized as temporarily restricted support in the statement of activities until the period of award. All other support is considered available for unrestricted use unless specifically restricted by the donor.

Many individuals have contributed a significant amount of time to the activities of the Organization. The Organization does not recognize these contributed services as revenues unless 1) the services received create or enhance existing facilities; or 2) require specialized skills and are provided by individuals possessing those skills. Contributed services recognized by the Organization during the year ended March 31, 2016 was \$4,700.

In-kind materials of \$64,217 include school supplies for Running Start for School program and winter clothing for Winter OuterWear Program.

Property and Equipment

Property and equipment are stated at cost. Maintenance and repairs are charged directly to expense. Improvements that extend the useful lives of property or equipment are capitalized. Depreciation is recorded using the straight-line method over periods based on the useful lives shown below.

Useful Lives

Building and improvements	5–30 Years
Furniture and equipment	2–10 Years

**UNITED WAY OF OLMSTED COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**1. Nature of Activities and Summary of Significant Accounting Policies (Continued)**

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Community Program Distributions Payable

Specific commitments to fund Community Programs on a monthly basis through a specific future date are recorded as community program distributions payable.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 period. Actual results could differ from the estimates.

Functional Expenses

Direct expenses are allocated to each functional expense category. Some expenses are allocated based on usage such as postage and copies. Salary and indirect expenses are allocated to each functional expense category based on employee time records.

Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and unsecured receivables. Management believes the Organization's cash balances are maintained with quality financial institutions in order to offset the risk of loss that may occur when balances exceed the Federal Deposit Insurance Corporation (FDIC) limits on each account of \$250,000. The ability to collect pledges resulting from resource recruitment efforts is affected by general economic conditions in Olmsted County.

Income Taxes

The Organization is exempt from income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code, which qualifies contributions, bequests and legacies as deductions by the donor for income, estate and gift tax purposes.

The Organization's federal income tax returns are subject to examination by the IRS, generally for three years after they were filed.

Deferred Revenue

Deferred revenue consists of fees or presold tickets deemed to be exchange transactions that relate to future periods.

UNITED WAY OF OLMSTED COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Nature of Activities and Summary of Significant Accounting Policies (Continued)

Designation Processing and Membership Requirement M Compliance

Designations to other charitable organizations are charged a handling fee to cover the cost of fundraising and administration of these gifts.

United Way of Olmsted County, Inc. follows costs deduction standards for membership requirement M, issued by United Way Worldwide to ensure uniformity of designation processing across the entire United Way system. This standard requires that designations paid to other charitable organizations are charged no more than the actual cost incurred to process and transfer gifts and that no additional processing fees will be charged against designations received from other United Ways. Handling fees do not exceed the established maximum of a 3-year average of fundraising and management and general cost as a percentage of total revenue taken from the three most recent Internal Revenue Service (IRS) forms 990. The United Way board of directors reviews the handling fee on an annual basis.

2. Investments

Investments as of March 31, 2016 and March 31, 2015 are as follows:

	March 31, 2016		March 31, 2015	
	Market Value	Cost	Market Value	Cost
Money Market Funds	\$ 203,404	\$ 203,404	\$ 16,244	\$ 16,244
U.S. Equity Funds	484,057	413,789	815,059	590,599
International Equity Funds	92,694	63,598	257,475	167,291
Fixed Income Funds	1,228,962	1,234,962	806,215	798,649
Other Investments	62,068	67,265	415,077	408,155
Total	\$ 2,071,185	\$ 1,983,018	\$ 2,310,070	\$ 1,980,938

Total investment income for the years ended March 31, 2016, 2015 and 2014 is as follows:

	March 31, 2016	March 31, 2015	March 31, 2014
Investment income	\$ 105,038	\$ 135,870	\$ 73,268
Unrealized and realized gain (loss)	(257,583)	(2,712)	168,020
Total	\$ (152,545)	\$ 133,158	\$ 241,288

**UNITED WAY OF OLMSTED COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**2. Investments (Continued)**

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The ultimate responsibility for conducting investment strategy resides with the United Way of Olmsted County Board of Directors. The Board of Directors has appointed an Investment Management Firm to manage these investments. Safety, liquidity, return on investment and to preserve real purchasing power are all objectives applied in the management of United Way's investments. Board Restricted Funds held in investments include operating reserve dollars. Temporary Restricted Funds held in investments include amounts collected from current campaign to be used in the next budget cycle. The remainder of funds is for current liabilities or unrestricted reserve. Such restrictions are identified in Note 5.

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**3. Pledges Receivable**

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As of March 31, 2016:

	<b>2014 Campaign Unrestricted</b>	<b>2015 Campaign Temporarily Restricted</b>	<b>Total</b>
Pledges receivable	\$ 43,513	\$ 2,239,355	\$ 2,282,868
Less allowance for uncollectibles	41,807	196,865	238,672
Net	<u>\$ 1,706</u>	<u>\$ 2,042,490</u>	<u>\$ 2,044,196</u>

As of March 31, 2015:

	<b>2013 Campaign Unrestricted</b>	<b>2014 Campaign Temporarily Restricted</b>	<b>Total</b>
Pledges receivable	\$ 52,727	\$ 2,548,938	\$ 2,601,665
Less allowance for uncollectibles	50,035	204,550	254,585
Net	<u>\$ 2,692</u>	<u>\$ 2,344,388</u>	<u>\$ 2,347,080</u>

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UNITED WAY OF OLMSTED COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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4. Debt

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	<u>2016</u>	<u>2015</u>
<u>Note Payable</u>		
Mortgage payable, secured by land and buildings, payable in monthly installments of \$2,910, including interest at 3.80%, through July 2018 when the unpaid balance is due	\$ 78,077	\$ 109,321
Less: Current Maturities	<u>32,559</u>	<u>31,372</u>
Net Long Term Debt	<u>\$ 45,518</u>	<u>\$ 77,949</u>

Future maturities of long-term debt, excluding interest, are as follows:

<u>Year Ending March 31,</u>		
2017	\$	32,559
2018		33,797
2019		11,721

UNITED WAY OF OLMSTED COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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5. Net Assets

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Summary of Board Designated Net Assets

If the Board of Directors specifies a purpose where none has been stated by the original donor, such funds are classified as designated net assets. The Organization's Board has designated a portion of its unrestricted net assets for the following:

	<u>2016</u>	<u>2015</u>
Future building and grounds needs	\$ 66,614	\$ 102,478
Operating reserves	550,000	550,000
Future community grant making to advance the common good in financial stability and community basics	<u>82,000</u>	
	<u>\$ 698,614</u>	<u>\$ 652,478</u>

Summary of Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods as of March 31, 2016 and March 31, 2015:

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Community grant making and operations for the next year	<u>\$ 2,900,650</u>	<u>\$ 3,024,420</u>

Net assets released from restrictions during the periods ended March 31, 2016 and March 31, 2015 was as follows:

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Community grant making and operations for the current period	<u>\$ 2,992,942</u>	<u>\$ 3,097,242</u>

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**UNITED WAY OF OLMSTED COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**6. Fundraising Campaign Results**

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All unconditional promises to give which were received during the campaign period are recorded in the Statement of Activities as campaign contributions unless the donor used the Organization to facilitate its contribution to a specified third-party beneficiary for which the Organization acts as an intermediary. When the Organization acts as the intermediary, promises to give are recorded as pledges receivable offset by a liability entitled donor designations payable in the Statement of Financial Position. All unconditional promises to give are due in less than one year.

The campaign results for the five previous years are as follows:

2015	\$ 3,820,013 *
2014	4,056,576
2013	3,993,542
2012	3,941,457
2011	3,897,767

\* 2015 results are based on information available as of March 31, 2016

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**7. Retirement Plan**

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The Organization sponsors a defined contribution retirement plan covering substantially all employees. The Organization contributes twice the employee's contribution up to a maximum of 9% of the employee's gross income. Employer contributions for the years ended March 31, 2016 and 2015 was \$39,567 and \$38,696, respectively.

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**8. Endowment Fund**

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The United Way of Olmsted County Endowment was organized to support the charitable and human care activities consistent with the mission of United Way of Olmsted County. The endowment assets are held by the Rochester Area Foundation and are not reflected in the financial statements of the Organization.

Summary financial information as of March 31, 2016 is as follows:

Fund balance	<u>\$ 496,431</u>
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UNITED WAY OF OLMSTED COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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9. Building Rental Operations

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The United Way Services Building, which is owned by the Organization, is approximately 75% occupied by various nonprofit agencies and 25% by the Organization. The nonprofit agency leases are generally for a two to five year period and expire between January 2018 and November 2018.

Future base rental income from the leases is as follows:

<u>Year Ending March 31,</u>	
2017	\$ 89,404
2018	88,504
2019	34,892

All agencies, including the Organization, are charged rent based on space occupied. In addition to the monthly base rental income, all building operating costs are allocated and charged to all agencies, including the Organization. The Organization's share of rent and operating costs are recorded as expenses and allocated to the programs and supporting services in the Statement of Functional Expenses. Following is a summary of rental activity for the years ended March 31, 2016 and 2015.

	<u>2016</u>	<u>2015</u>
Revenue		
Rental income and expense reimbursements	<u>\$ 131,803</u>	<u>\$ 139,195</u>
Expenses		
Insurance	4,330	4,040
Utilities	30,299	30,859
Care of building and grounds	59,117	49,773
Interest expense	3,654	4,811
Management fees	<u>7,800</u>	<u>7,800</u>
Total expenses before depreciation	105,200	97,283
Depreciation expense	<u>34,195</u>	<u>32,335</u>
Total Expenses	<u>139,395</u>	<u>129,618</u>
Net rental income (loss)	<u>\$ (7,592)</u>	<u>\$ 9,577</u>



**UNITED WAY OF OLMSTED COUNTY, INC.**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**10. Subsequent Events**

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In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 20, 2016, the date the financial statements were available to be issued.

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**SUPPLEMENTAL SCHEDULE**

**UNITED WAY OF OLMSTED COUNTY, INC.**

**SCHEDULE OF FUNCTIONAL INTERNAL INITIATIVE PROGRAM SERVICE EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2016**

	(1) Running Start for School	(2) 211	(3) Volunteer Center	(4) Imagination Library	(5) Winter OuterWear Program
Salaries and wages	\$ 21,431	\$ 1,955	\$ 39,101	\$ 4,711	\$ 11,014
Employee benefits	5,153	435	11,745	831	3,267
Payroll taxes	1,861	172	3,350	417	838
Total salaries and benefits	28,445	2,562	54,196	5,959	15,119
Program expense	70,041	21,500	7,161	148,795	26,589
Advertising	2,035	222	729	71	1,654
Donor relationship management			1,089		
Supplies	2,271		2,201	220	318
Technology	535	32	4,868	546	129
Occupancy	1,532	103	3,348	1,725	449
Equipment rental	354	132	634	1,050	148
Conferences, conventions, and training	133		799		
Travel					
Insurance	144	14	196	38	63
Depreciation			1,650		
Miscellaneous	217		190	83	43
Sub-Total	77,262	22,003	22,865	152,528	29,393
<b>TOTAL EXPENSES</b>	<b>\$ 105,707</b>	<b>\$ 24,565</b>	<b>\$ 77,061</b>	<b>\$ 158,487</b>	<b>\$ 44,512</b>

Program Descriptions:

- (1) Running Start for School collects backpacks and school supplies through the summer months and distributes the donated supplies to children who are eligible for free or reduced lunch.
- (2) 2-1-1 is a free, confidential, and multilingual human service phone resource. Information is available 24 hours a day on a variety of topics including childcare, counseling, food, health services, housing, legal assistance, transportation, volunteering, and more.
- (3) Get Connected, United Way's online tool to connect volunteers to opportunities and events, allows people to volunteer with local organizations that fit the volunteer's schedule and interests.
- (4) Imagination Library provides all children living in Olmsted County the opportunity to receive a free, age-appropriate book in the mail each month from birth to their fifth birthday. Each book is selected for the developmental benefits it brings.
- (5) Community Winter Outerwear collects winter coats and other items are throughout September and October to help individuals and families stay warm each winter.

(6) Financial-Free Tax Preparation	(7) Community Information Sharing System	(8) Gang Initiative	(9) Evaluative Thinking	(10) Community Schools	Total
\$ 11,389	\$ 2,645	\$ 5,795	\$ 9,569	\$ 129	\$ 107,739
1,935	439	952	1,792	34	26,583
1,044	223	500	724	12	9,141
14,368	3,307	7,247	12,085	175	143,463
62		39,555			313,703
2,732					7,443
					1,089
309					5,319
1,577	8,435	72	54	2	16,250
2,829	114	222	194	5	10,521
3,013		3			5,334
66		3	5,061		6,062
			4,255		4,255
124	15	30	28	1	653
					1,650
122	5	17		8	685
10,834	8,569	39,902	9,592	16	372,964
\$ 25,202	\$ 11,876	\$ 47,149	\$ 21,677	\$ 191	\$ 516,427

Program Descriptions:

- (6) The free tax preparation initiative connects low to moderate income families to opportunities to file their taxes for free. This assistance often results in filers receiving additional money through the Earned Income Tax Credit.
- (7) The Community Information Sharing System achieves great community impact through information sharing between social service agencies. Participating organizations are able to share information to improve delivery of direct services as well as offer referrals.
- (8) The Community Gang Initiative, convened and coordinated by United Way, is a community plan of action to address youth and adult gang issues in the Rochester area.
- (9) Evaluative Thinking is an initiative, made possible by a grant from the Otto Bremer Trust, to develop and strengthen United Way's internal systems and practices to better manage learning and knowledge, to continuously improve itself and spread learning across our community.
- (10) Rochester Public Schools and United Way are partnering on a two-year community schools pilot at Gage and Riverside Central elementary schools. A community school is both a place and set of collective partnerships between Rochester Public School District, United Way of Olmsted County, the individual school site, and other community resources. United Way's role as lead partner in this pilot is to facilitate across the various partnerships and mobilize community resources to improve educational, health, social, family and economic conditions at the school and adjacent neighborhood.

### Audit Certification

#### CEO/CFO Financial Statement Certification

#### CERTIFICATION

I hereby certify that:

1. I have read the audited financial statements of United Way of Olmsted County, Inc. for the year ended March 31, 2016.
2. Based on my knowledge, these financial statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading.
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present, in all material respects, the financial condition, results of operations and cash flows of United Way of Olmsted County, Inc. as of and for the year ended March 31, 2016.

  
\_\_\_\_\_  
President

Date 6-20-16

  
\_\_\_\_\_  
Chief Financial Officer

Date June 20, 2016