

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

**FINANCIAL STATEMENTS  
MARCH 31, 2017**

**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, 2017, and the related statements of activity and changes in net assets, functional expenses, and cash flows for the year 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.

### 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, 2017, 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. 2016 financial statements, and our report dated June 20, 2016, 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, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Smith, Schepf and Associates, Ltd.*

Rochester, Minnesota  
June 19, 2017

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

**STATEMENTS OF FINANCIAL POSITION**

**March 31, 2017 and 2016**

<b>ASSETS</b>	<b>2017</b>	<b>2016</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 692,047	\$ 528,380
Investments (Note 2)	2,087,491	2,071,185
Pledges receivable, less allowance for doubtful accounts (March 31, 2017 - \$240,738; March 31, 2016 - \$238,672) (Note 3)	1,916,265	2,044,196
Prepaid expenses and other assets	35,215	34,792
Total Current Assets	<u>4,731,018</u>	<u>4,678,553</u>
<b>Property and Equipment, at cost</b>		
Land	77,525	77,525
Buildings and improvements	1,629,644	1,629,644
Furniture and equipment	158,885	157,551
Total Property	<u>1,866,054</u>	<u>1,864,720</u>
Less: Accumulated depreciation	<u>1,259,051</u>	<u>1,221,012</u>
Property and Equipment, Net	<u>607,003</u>	<u>643,708</u>
<b>TOTAL ASSETS</b>	<u>\$ 5,338,021</u>	<u>\$ 5,322,261</u>

**See Notes to Financial Statements**

<b>LIABILITIES AND NET ASSETS</b>	<b>2017</b>	<b>2016</b>
<b>Current Liabilities</b>		
Current maturities of long-term debt (Note 4)	\$ 33,776	\$ 32,479
Accounts payable and accrued expenses	57,575	57,070
Community program distributions payable	462,310	505,258
Donor designations payable	635,972	498,521
Deferred revenue	52,171	22,084
	<hr/>	<hr/>
Total Current Liabilities	1,241,804	1,115,412
<b>Long Term Debt (Note 4)</b>	<b>11,822</b>	<b>45,598</b>
	<hr/>	<hr/>
Total Liabilities	1,253,626	1,161,010
<b>Net Assets</b>		
Unrestricted:		
Undesignated:		
General	280,431	(3,644)
Invested in property, net of related debt	561,405	565,631
Board designated (Note 5)	522,449	698,614
Temporarily restricted (Note 5)	2,720,110	2,900,650
	<hr/>	<hr/>
Total Net Assets	4,084,395	4,161,251
	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,338,021</b>	<b>\$ 5,322,261</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, 2017  
(With Comparative Totals for the Years Ended March 31, 2016)

	2017			2016 Totals
	Unrestricted	Temporarily Restricted	Totals	
<b>Public Support and Revenue</b>				
Current campaign to date	\$ 60,952	\$ 3,573,400	\$ 3,634,352	\$ 3,860,364
Prior campaign	116,446		116,446	63,340
Total	177,398	3,573,400	3,750,798	3,923,704
Less: Donor designations		706,341	706,341	813,325
Campaign contributions	177,398	2,867,059	3,044,457	3,110,379
Less: Estimated uncollectible pledges		152,038	152,038	168,544
Net campaign contributions	177,398	2,715,021	2,892,419	2,941,835
Program and grant income	97,333		97,333	215,577
Contributions - bequests and trusts				100,000
Building rental income (loss) (Note 9)	5,242		5,242	(7,592)
Uncollected pledges adjustment	15,651		15,651	
Administrative fees	5,415		5,415	3,958
Investment income (loss) (Note 2)	150,245		150,245	(152,545)
Total	451,284	2,715,021	3,166,305	3,101,233
<b>Net Assets Released from Restrictions (Note 5)</b>	2,895,561	(2,895,561)		
Total Support and Revenues	3,346,845	(180,540)	3,166,305	3,101,233
<b>Expenses</b>				
Program services				
Gross distributions to community programs	2,427,723		2,427,723	2,698,807
Less: Donor designations	(706,341)		(706,341)	(813,325)
Distributions to community programs, net	1,721,382		1,721,382	1,885,482
Other program service expenses	359,994		359,994	413,128
Advocacy, grant making, and result tracking	2,081,376		2,081,376	2,298,610
Internal community initiatives	477,530		477,530	516,427
Total program services	2,558,906		2,558,906	2,815,037
Supporting services	641,658		641,658	633,226
United Way Worldwide dues	42,597		42,597	40,447
Total expenses	3,243,161		3,243,161	3,488,710
Increase (Decrease) in Net Assets	103,684	(180,540)	(76,856)	(387,477)
<b>Net Assets - April 1</b>	1,260,601	2,900,650	4,161,251	4,548,728
<b>Net Assets - March 31</b>	\$ 1,364,285	\$ 2,720,110	\$ 4,084,395	\$ 4,161,251

See Notes to Financial Statements

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

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2017  
(With Comparative Totals for the Year Ended March 31, 2016)**

	Program Services		
	Advocacy, Grant Making, and Result Tracking	Internal Community Initiatives (Pages 20-21)	Total Program Services
Gross distributions	\$ 2,427,723	\$	\$ 2,427,723
Less: Donor designations	(706,341)		(706,341)
Community distributions, net	1,721,382		1,721,382
Salaries and wages	240,545	115,131	355,676
Employee benefits	48,183	32,723	80,906
Payroll taxes	20,180	10,286	30,466
Total salaries and benefits	308,908	158,140	467,048
Program expenses	8,352	252,211	260,563
Fees for professional services	353	172	525
Advertising	6,246	9,532	15,778
Donor relationship management		142	142
Supplies	1,338	1,052	2,390
Technology	11,401	12,073	23,474
Occupancy	11,123	11,285	22,408
Equipment rental	2,469	1,369	3,838
Conferences, conventions, and training	3,723	25,320	29,043
Travel	2,025	3,455	5,480
Insurance	1,181	763	1,944
Special events and program services			
Depreciation		1,357	1,357
Miscellaneous	2,875	659	3,534
Sub-Total	51,086	319,390	370,476
United Way Worldwide dues			
<b>TOTAL EXPENSES</b>	<b>\$ 2,081,376</b>	<b>\$ 477,530</b>	<b>\$ 2,558,906</b>

**See Notes to Financial Statements**

Supporting Services

Resource Development	Management and General	Total Supporting Services	United Way Worldwide Dues	Totals	
				2017	2016
\$	\$	\$	\$	\$ 2,427,723 (706,341)	\$ 2,698,807 (813,325)
				1,721,382	1,885,482
203,186	140,776	343,962		699,638	743,100
35,972	32,561	68,533		149,439	130,062
18,065	11,651	29,716		60,182	61,842
257,223	184,988	442,211		909,259	935,004
				260,563	320,394
	43,467	43,467		43,992	47,117
13,531	74	13,605		29,383	18,397
11,042	50	11,092		11,234	9,856
8,253	3,987	12,240		14,630	22,431
13,707	9,760	23,467		46,941	45,269
9,460	5,521	14,981		37,389	37,390
5,587	6,394	11,981		15,819	17,666
3,600	4,210	7,810		36,853	25,821
1,231	8,192	9,423		14,903	13,499
1,247	6,099	7,346		9,290	8,651
38,961		38,961		38,961	43,012
	627	627		1,984	5,097
3,692	755	4,447		7,981	13,177
110,311	89,136	199,447		569,923	627,777
			42,597	42,597	40,447
\$ 367,534	\$ 274,124	\$ 641,658	\$ 42,597	\$ 3,243,161	\$ 3,488,710

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

**STATEMENTS OF CASH FLOWS**

**For the Year Ended March 31, 2017 and 2016**

	<b>2017</b>	<b>2016</b>
<b>Cash Flows From Operating Activities</b>		
Cash received from contributors	\$ 3,784,138	\$ 4,308,661
Investment earnings received	61,624	105,038
Cash received from other sources	144,469	131,803
Community program distributions, cash paid to other organizations	(2,303,133)	(2,751,962)
Cash paid to United Way Worldwide	(42,597)	(40,447)
Cash paid to suppliers	(610,078)	(637,153)
Cash paid to and on behalf of employees	(909,259)	(935,004)
	<hr/>	<hr/>
Net Cash Provided By Operating Activities	125,164	180,936
<b>Cash Flows From Investing Activities</b>		
Net proceeds from (purchase of) investments	72,315	(18,698)
Purchase of property and equipment	(1,333)	(32,872)
	<hr/>	<hr/>
Net Cash Provided By (Used In) Investing Activities	70,982	(51,570)
<b>Cash Flows From Financing Activities</b>		
Principal paid on long-term debt	(32,479)	(31,244)
	<hr/>	<hr/>
<b>Net Increase in Cash and Cash Equivalents</b>	163,667	98,122
<b>Cash and Cash Equivalents - April 1</b>	528,380	430,258
	<hr/>	<hr/>
<b>Cash and Cash Equivalents - March 31</b>	\$ 692,047	\$ 528,380
	<hr/>	<hr/>

**See Notes to Financial Statements**

2017

2016

**Reconciliation of Change in Net Assets to  
Net Cash Provided By Operating Activities**

Change in Net Assets	\$	(76,856)	\$	(387,477)
Adjustments to reconcile change in net assets to net cash provided by operating activities				
Depreciation		38,038		39,292
Uncollected pledges adjustment		136,387		168,544
Unrealized and realized loss on investments		(88,621)		257,583
(Increase) decrease in pledges receivable		(8,456)		134,339
Increase in prepaid expenses and other assets		(423)		(3,948)
Increase in accounts payable and accrued expenses		505		25,758
Decrease in community program distributions payable		(42,948)		(11,239)
Increase (decrease) in donor designations payable		137,451		(36,170)
Increase (decrease) in deferred revenue		30,087		(5,746)
Net Cash Provided By Operating Activities	<b>\$</b>	<b>125,164</b>	<b>\$</b>	<b>180,936</b>
<b>Supplemental Disclosure of Cash Flow Information</b>				
Cash paid during the year for interest	\$	2,444	\$	3,654
<b>Supplemental Disclosure of Non-cash Transactions</b>				
Contributed supplies received		56,202		64,217
Contributed services received		4,750		4,700

**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. Unrealized gains and losses are included in the change in net assets.

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**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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Fair Value Measurement

Fair value measurement applies to reported balances that are required or permitted to be measured using fair value under an existing standard. The standard provides a fair value hierarchy that prioritizes the inputs to valuations techniques used to measure fair value. The fair value hierarchy consists of three level of inputs that may be used to measure fair value as follows:

- *Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access
- *Level 2* – Inputs that include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar instruments in markets that are not active or by model-based techniques in which all significant inputs are observable in the market. The fair value of investment securities for which quoted market prices are not available were generally determined on matrix pricing
- *Level 3* – Inputs that are unobservable inputs for the asset or liability, which are typically based on the Organization's own assumptions.

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, 2017 was \$4,750.

In-kind materials of \$56,202 include school supplies for Running Start for School program.

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**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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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

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.

UNITED WAY OF OLMSTED COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Deferred Revenue

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

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, 2017 and March 31, 2016 are as follows:

	Fair Value Measurement Hierarchy	March 31, 2017		March 31, 2016	
		Market Value	Cost	Market Value	Cost
Money Market Funds	Level 1	\$ 29,701	\$ 29,701	\$ 203,404	\$ 203,404
U.S. Equity Funds	Level 1	568,641	464,419	484,057	413,789
International Equity Funds	Level 1	89,519	56,058	92,694	63,598
Fixed Income Funds	Level 1	583,004	472,960	633,094	636,012
Other Fixed Income	Level 2	779,183	780,337	595,868	598,950
Other Investments	Level 1	37,443	39,035	62,068	67,265
<b>Total</b>		<b>\$ 2,087,491</b>	<b>\$ 1,842,510</b>	<b>\$ 2,071,185</b>	<b>\$ 1,983,018</b>

Total investment income for the years ended March 31, 2017, 2016 and 2015 is as follows:

	March 31, 2017	March 31, 2016	March 31, 2015
Investment income	\$ 61,624	\$ 105,038	\$ 135,870
Unrealized and realized gain (loss)	88,621	(257,583)	(2,712)
<b>Total</b>	<b>\$ 150,245</b>	<b>\$ (152,545)</b>	<b>\$ 133,158</b>

**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, 2017:

	<b>2015 Campaign Unrestricted</b>	<b>2016 Campaign Temporarily Restricted</b>	<b>Total</b>
Pledges receivable	\$ 93,022	\$ 2,063,981	\$ 2,157,003
Less allowance for uncollectibles	91,473	149,265	240,738
<b>Net</b>	<b>\$ 1,549</b>	<b>\$ 1,914,716</b>	<b>\$ 1,916,265</b>

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
<b>Net</b>	<b>\$ 1,706</b>	<b>\$ 2,042,490</b>	<b>\$ 2,044,196</b>

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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>2017</u>	<u>2016</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	\$ 45,598	\$ 78,077
Less: Current Maturities	<u>33,776</u>	<u>32,479</u>
Net Long Term Debt	<u>\$ 11,822</u>	<u>\$ 45,598</u>

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

<u>Year Ending March 31,</u>	
2018	\$ 33,776
2019	11,822

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>2017</u>	<u>2016</u>
Future building and grounds needs	\$ 72,449	\$ 66,614
Operating reserves	450,000	550,000
Future community grant making to advance the common good in financial stability and community basics		82,000
	<u>\$ 522,449</u>	<u>\$ 698,614</u>

Summary of Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods as of March 31, 2017 and March 31, 2016:

	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Community grant making and operations for the next year	<u>\$ 2,720,110</u>	<u>\$ 2,900,650</u>

Net assets released from restrictions during the periods ended March 31, 2017 and March 31, 2016 was as follows:

	<u>March 31, 2017</u>	<u>March 31, 2016</u>
Community grant making and operations for the current period	<u>\$ 2,895,561</u>	<u>\$ 2,992,942</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:

2016	\$	3,576,542	*
2015		3,939,694	
2014		4,056,576	
2013		3,993,542	
2012		3,941,457	

\* 2016 results are based on information available as of March 31, 2017

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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, 2017 and 2016 was \$39,940 and \$39,567, 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, 2017 is as follows:

Fund balance	\$	<u>528,359</u>
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UNITED WAY OF OLMSTED COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. Building Rental Operations

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>	
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, 2017 and 2016.

	<u>2017</u>	<u>2016</u>
Revenue		
Rental income and expense reimbursements	\$ 144,469	\$ 131,803
Expenses		
Insurance	4,680	4,330
Utilities	30,084	30,299
Care of building and grounds	58,308	59,117
Interest expense	2,444	3,654
Management fees	7,657	7,800
Total expenses before depreciation	103,173	105,200
Depreciation expense	36,054	34,195
Total Expenses	139,227	139,395
Net rental income (loss)	\$ 5,242	\$ (7,592)

**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 19, 2017, 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, 2017**

	(1) Running Start for School	(2) 211	(3) Volunteer Center	(4) Imagination Library	(5) Winter OuterWear Program
Salaries and wages	\$ 14,769	\$ 2,611	\$ 24,122	\$ 3,107	\$ 4,398
Employee benefits	4,300	442	7,371	439	1,187
Payroll taxes	1,310	248	2,073	304	377
Total salaries and benefits	<u>20,379</u>	<u>3,301</u>	<u>33,566</u>	<u>3,850</u>	<u>5,962</u>
Program expense	69,026	21,500		150,731	
Fees for professional services					
Advertising	2,217	320			1,642
Donor relationship management			142		
Supplies	715	31	37	53	101
Technology	199	47	4,247	779	69
Occupancy	569	141	3,399	2,203	197
Equipment rental	49	11	140	34	11
Conferences, conventions, and training	50	33	574		
Travel		118			
Insurance	97	22	142	33	31
Depreciation			1,357		
Miscellaneous	64	2	129	35	45
Sub-Total	<u>72,986</u>	<u>22,225</u>	<u>10,167</u>	<u>153,868</u>	<u>2,096</u>
<b>TOTAL EXPENSES</b>	<u>\$ 93,365</u>	<u>\$ 25,526</u>	<u>\$ 43,733</u>	<u>\$ 157,718</u>	<u>\$ 8,058</u>

**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) Evaluative Thinking	(9) Community Schools	Total
\$ 7,484	\$ 1,193	\$ 11,709	\$ 45,738	\$ 115,131
1,328	236	2,780	14,640	32,723
714	105	1,074	4,081	10,286
9,526	1,534	15,563	64,459	158,140
		10,954		252,211
			172	172
4,184		1,072	97	9,532
				142
74	1		40	1,052
1,016	4,846	81	789	12,073
2,290	56	226	2,204	11,285
971			153	1,369
144		23,932	587	25,320
		3,337		3,455
74	9	38	317	763
				1,357
59		219	106	659
8,812	4,912	39,859	4,465	319,390
\$ 18,338	\$ 6,446	\$ 55,422	\$ 68,924	\$ 477,530

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) 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.
- (9) 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, 2017.
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, 2017.

  
\_\_\_\_\_  
President

Date 6-19-17

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

Date 6-19-17