

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

**FINANCIAL STATEMENTS
MARCH 31, 2018**

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, 2018, 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, 2018, 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. 2017 financial statements, and our report dated June 19, 2017, 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, 2017, 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 5, 2018

UNITED WAY OF OLMSTED COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION

March 31, 2018 and 2017

ASSETS	2018	2017
Current Assets		
Cash and cash equivalents	\$ 618,221	\$ 692,047
Investments (Note 2)	2,247,241	2,087,491
Pledges receivable, less allowance for doubtful accounts (March 31, 2018 - \$186,863; March 31, 2017 - \$240,738) (Note 3)	1,939,715	1,916,265
Prepaid expenses and other assets	37,303	35,215
Total Current Assets	<u>4,842,480</u>	<u>4,731,018</u>
Property and Equipment, at cost		
Land	77,525	77,525
Buildings and improvements	1,631,625	1,629,644
Furniture and equipment	143,662	158,885
Total Property	<u>1,852,812</u>	<u>1,866,054</u>
Less: Accumulated depreciation	<u>1,282,489</u>	<u>1,259,051</u>
Property and Equipment, Net	<u>570,323</u>	<u>607,003</u>
TOTAL ASSETS	<u>\$ 5,412,803</u>	<u>\$ 5,338,021</u>

See Notes to Financial Statements

LIABILITIES AND NET ASSETS	2018	2017
Current Liabilities		
Current maturities of long-term debt (Note 4)	\$ 11,847	\$ 33,751
Accounts payable and accrued expenses	44,276	57,575
Community program distributions payable	397,680	462,310
Donor designations payable	622,756	635,972
Deferred revenue	26,808	52,171
	<hr/>	
Total Current Liabilities	1,103,367	1,241,779
Long Term Debt (Note 4)		11,847
		<hr/>
Total Liabilities	1,103,367	1,253,626
	<hr/>	
Net Assets		
Unrestricted:		
Undesignated:		
General	383,116	280,431
Invested in property, net of related debt	558,476	561,405
Board designated (Note 5)	567,824	522,449
Temporarily restricted (Note 5)	2,800,020	2,720,110
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Total Net Assets	4,309,436	4,084,395
	<hr/>	
TOTAL LIABILITIES AND NET ASSETS	\$ 5,412,803	\$ 5,338,021
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UNITED WAY OF OLMSTED COUNTY, INC.

STATEMENT OF ACTIVITY AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED MARCH 31, 2018
 (With Comparative Totals for the Years Ended March 31, 2017)

	2018			2017
	Unrestricted	Temporarily Restricted	Totals	Totals
Public Support and Revenue				
Current campaign to date	\$ 59,490	\$ 3,424,890	\$ 3,484,380	\$ 3,634,352
Prior campaign	85,855		85,855	116,446
Total	145,345	3,424,890	3,570,235	3,750,798
Less: Donor designations		636,595	636,595	706,341
Campaign contributions	145,345	2,788,295	2,933,640	3,044,457
Less: Estimated uncollectible pledges		143,995	143,995	152,038
Net campaign contributions	145,345	2,644,300	2,789,645	2,892,419
Program and grant income	134,368	154,605	288,973	97,333
Contributions - bequests and trusts	65,000		65,000	
Building rental income (Note 9)	11,689		11,689	5,242
Uncollected pledges adjustment	17,250		17,250	15,651
Administrative fees	7,126		7,126	5,415
Investment income (Note 2)	144,752		144,752	150,245
Total	525,530	2,798,905	3,324,435	3,166,305
Net Assets Released from Restrictions (Note 5)				
Total Support and Revenues	3,244,525	(2,718,995)	3,324,435	3,166,305
Expenses				
Program services				
Gross distributions to community programs	2,181,311		2,181,311	2,427,723
Less: Donor designations	(636,595)		(636,595)	(706,341)
Distributions to community programs, net	1,544,716		1,544,716	1,721,382
Other program service expenses	415,344		415,344	359,994
Advocacy, grant making, and result tracking	1,960,060		1,960,060	2,081,376
Internal community initiatives	379,189		379,189	477,530
Total program services	2,339,249		2,339,249	2,558,906
Supporting services	760,145		760,145	684,255
Total expenses	3,099,394		3,099,394	3,243,161
Increase (Decrease) in Net Assets	145,131	79,910	225,041	(76,856)
Net Assets - April 1, 2017	1,364,285	2,720,110	4,084,395	4,161,251
Net Assets - March 31, 2018	\$ 1,509,416	\$ 2,800,020	\$ 4,309,436	\$ 4,084,395

See Notes to Financial Statements

UNITED WAY OF OLMSTED COUNTY, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2018
(With Comparative Totals for the Year Ended March 31, 2017)**

	Program Services		
	Advocacy, Grant Making, and Result Tracking	Internal Community Initiatives (Pages 20-21)	Total Program Services
Gross distributions	\$ 2,181,311	\$	\$ 2,181,311
Less: Donor designations	(636,595)		(636,595)
Community distributions, net	1,544,716		1,544,716
Salaries and wages	256,858	86,738	343,596
Employee benefits	44,074	14,901	58,975
Payroll taxes	21,294	7,725	29,019
Total salaries and benefits	322,226	109,364	431,590
Program expenses	11,847	223,644	235,491
Fees for professional services	146		146
Advertising	7,803	7,825	15,628
Donor relationship management	80	211	291
Supplies	1,814	201	2,015
Technology	17,045	8,084	25,129
Occupancy	9,564	10,545	20,109
Equipment rental	4,786	1,165	5,951
Conferences, conventions, and training	8,521	4,795	13,316
Travel	5,704	1,336	7,040
Insurance	1,228	530	1,758
Special events and program services		9,822	9,822
Depreciation		1,243	1,243
Membership dues and subscriptions	21,420		21,420
Miscellaneous	3,160	424	3,584
Sub-Total	93,118	269,825	362,943
TOTAL EXPENSES	\$ 1,960,060	\$ 379,189	\$ 2,339,249

See Notes to Financial Statements

Supporting Services

Resource Development	Management and General	Total Supporting Services	Totals	
			2018	2017
\$	\$	\$	\$ 2,181,311 (636,595)	\$ 2,427,723 (706,341)
			1,544,716	1,721,382
252,564	147,486	400,050	743,646	699,638
59,492	32,760	92,252	151,227	149,439
20,498	11,744	32,242	61,261	60,182
332,554	191,990	524,544	956,134	909,259
			235,491	260,563
55	43,288	43,343	43,489	43,992
12,153	3,267	15,420	31,048	29,883
9,191	84	9,275	9,566	10,734
12,270	6,766	19,036	21,051	14,630
10,846	10,798	21,644	46,773	46,941
11,715	5,565	17,280	37,389	37,389
9,207	4,661	13,868	19,819	15,819
10,065	10,684	20,749	34,065	36,853
2,455	5,605	8,060	15,100	14,903
1,244	6,871	8,115	9,873	9,290
35,802		35,802	45,624	38,961
			1,243	1,984
12,606	5,980	18,586	40,006	42,597
3,975	448	4,423	8,007	7,981
131,584	104,017	235,601	598,544	612,520
\$ 464,138	\$ 296,007	\$ 760,145	\$ 3,099,394	\$ 3,243,161

UNITED WAY OF OLMSTED COUNTY, INC.

STATEMENTS OF CASH FLOWS

For the Year Ended March 31, 2018 and 2017

	2018	2017
Cash Flows From Operating Activities		
Cash received from contributors	\$ 3,721,649	\$ 3,784,138
Investment earnings received	74,427	61,624
Cash received from other sources	147,199	144,469
Community program distributions, cash paid to other organizations	(2,284,520)	(2,303,133)
Cash paid to United Way Worldwide	(40,006)	(42,597)
Cash paid to suppliers	(612,618)	(610,078)
Cash paid to and on behalf of employees	(956,134)	(909,259)
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Net Cash Provided By Operating Activities	49,997	125,164
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Cash Flows From Investing Activities		
Net proceeds from (purchase of) investments	(89,425)	72,315
Purchase of property and equipment	(647)	(1,333)
	<hr/>	<hr/>
Net Cash Provided By (Used In) Investing Activities	(90,072)	70,982
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Cash Flows From Financing Activities		
Principal paid on long-term debt	(33,751)	(32,479)
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	(73,826)	163,667
Cash and Cash Equivalents - April 1, 2017	692,047	528,380
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Cash and Cash Equivalents - March 31, 2018	\$ 618,221	\$ 692,047
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See Notes to Financial Statements

2018

2017

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

Change in Net Assets	\$	225,041	\$	(76,856)
Adjustments to reconcile change in net assets to net cash provided by operating activities				
Depreciation		37,327		38,038
Uncollected pledges adjustment		126,745		136,387
Unrealized and realized gain on investments		(70,325)		(88,621)
Increase in pledges receivable		(150,195)		(8,456)
Increase in prepaid expenses and other assets		(2,088)		(423)
Increase (decrease) in accounts payable and accrued expenses		(13,299)		505
Decrease in community program distributions payable		(64,630)		(42,948)
Increase (decrease) in donor designations payable		(13,216)		137,451
Increase (decrease) in deferred revenue		(25,363)		30,087
Net Cash Provided By Operating Activities	\$	49,997	\$	125,164

Supplemental Disclosure of Cash Flow Information

Cash paid during the year for interest	\$	1,171	\$	2,444
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Supplemental Disclosure of Non-cash Transactions

Contributed supplies received	54,490	56,202
Contributed services received	5,000	4,750

UNITED WAY OF OLMSTED COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

1. Nature of Activities and Summary of Significant Accounting Policies

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, health, and financial stability.

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 funding review 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.

UNITED WAY OF OLMSTED COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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 supplies 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.

UNITED WAY OF OLMSTED COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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, 2018 and March 31, 2017 are as follows:

	Fair Value Measurement Hierarchy	March 31, 2018		March 31, 2017	
		Market Value	Cost	Market Value	Cost
Money Market Funds	Level 1	\$ 28,867	\$ 28,867	\$ 29,701	\$ 29,701
U.S. Equity Funds	Level 1	518,997	386,160	568,641	464,419
International Equity Funds	Level 1	138,694	91,607	89,519	56,058
Fixed Income Funds	Level 1	978,002	850,100	583,004	472,960
Other Fixed Income	Level 2	500,797	491,107	779,183	780,337
Other Investments	Level 1	81,884	83,035	37,443	39,035
Total		\$ 2,247,241	\$ 1,930,876	\$ 2,087,491	\$ 1,842,510

Total investment income for the years ended March 31, 2018 and 2017 is as follows:

	March 31, 2018	March 31, 2017
Investment income	\$ 74,427	\$ 61,624
Unrealized and realized gain	70,325	88,621
Total	\$ 144,752	\$ 150,245

UNITED WAY OF OLMSTED COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Investments (Continued)

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.

3. Pledges Receivable

As of March 31, 2018:

	2016 Campaign Unrestricted	2017 Campaign Temporarily Restricted	Total
Pledges receivable	\$ 47,034	\$ 2,079,544	\$ 2,126,578
Less allowance for uncollectibles	45,602	141,261	186,863
Net	<u>\$ 1,432</u>	<u>\$ 1,938,283</u>	<u>\$ 1,939,715</u>

As of March 31, 2017:

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

UNITED WAY OF OLMSTED COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Debt

	<u>2018</u>	<u>2017</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	\$ 11,847	\$ 45,598
Less: Current Maturities	<u>11,847</u>	<u>33,751</u>
Net Long Term Debt	<u>\$</u>	<u>\$ 11,847</u>

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

<u>Year Ending March 31,</u>	
2019	\$ 11,847

UNITED WAY OF OLMSTED COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

5. Net Assets

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>2018</u>	<u>2017</u>
Future building and grounds needs	\$ 84,824	\$ 72,449
Operating reserves	450,000	450,000
Future community grant making to advance the common good in financial stability and community basics	<u>33,000</u>	
	<u>\$ 567,824</u>	<u>\$ 522,449</u>

Summary of Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods as of March 31, 2018 and March 31, 2017:

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Community grant making and operations for the next year	<u>\$ 2,800,020</u>	<u>\$ 2,720,110</u>

Net assets released from restrictions during the periods ended March 31, 2018 and March 31, 2017 was as follows:

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Community grant making and operations for the current period	<u>\$ 2,718,995</u>	<u>\$ 2,992,942</u>

UNITED WAY OF OLMSTED COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. Fundraising Campaign Results

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:

2017	\$ 3,388,145 *
2016	3,684,129
2015	3,939,694
2014	4,056,576
2013	3,993,542

* 2017 results are based on information available as of March 31, 2018

7. Retirement Plan

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, 2018 and 2017 was \$45,988 and \$39,940 respectively.

8. Endowment Fund

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, 2018 is as follows:

Fund balance	<u>\$ 543,334</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 August 2018 and May 2019.

Future base rental income from the leases is as follows:

<u>Year Ending March 31,</u>	
2019	\$ 40,292
2020	900

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, 2018 and 2017.

	<u>2018</u>	<u>2017</u>
Revenue		
Rental income and expense reimbursements	<u>\$ 147,199</u>	<u>\$ 144,469</u>
Expenses		
Insurance	4,680	4,680
Utilities	30,024	30,084
Care of building and grounds	55,265	58,308
Interest expense	1,171	2,444
Management fees	<u>8,286</u>	<u>7,657</u>
Total expenses before depreciation	99,426	103,173
Depreciation expense	<u>36,084</u>	<u>36,054</u>
Total Expenses	<u>135,510</u>	<u>139,227</u>
Net rental income (loss)	<u>\$ 11,689</u>	<u>\$ 5,242</u>

UNITED WAY OF OLMSTED COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

10. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 5, 2018, the date the financial statements were available to be issued.

SUPPLEMENTAL SCHEDULE

UNITED WAY OF OLMSTED COUNTY, INC.

**SCHEDULE OF FUNCTIONAL INTERNAL COMMUNITY INITIATIVES PROGRAM SERVICE EXPENSES
FOR THE YEAR ENDED MARCH 31, 2018**

	(1)	(2)	(3)	(4)	(5)
	Running Start for School	211	Volunteer Center	Imagination Library	Winter OuterWear Program
Salaries and wages	\$ 8,467	\$ 4,063	\$ 5,720	\$ 5,696	\$ 3,599
Employee benefits	1,118	586	1,364	713	572
Payroll taxes	803	373	504	538	354
Total salaries and benefits	10,388	5,022	7,588	6,947	4,525
Program expense	54,206	21,500		147,210	540
Advertising	3,181	1,640			1,262
Donor relationship management			160		
Supplies	52		6	4	
Technology	136	74	3,760	784	67
Occupancy	422	221	2,257	2,328	203
Equipment rental		105		14	
Conferences, conventions, and training		157	342		
Travel					
Insurance	58	30	36	45	27
Special events and program services					
Depreciation			1,243		
Miscellaneous	15	16		54	31
Sub-Total	58,070	23,743	7,804	150,439	2,130
TOTAL EXPENSES	\$ 68,458	\$ 28,765	\$ 15,392	\$ 157,386	\$ 6,655

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)	(7)	(8)	
Financial-Free	Tax	Community	Cradle to	Total
Preparation	Schools	Career		
\$	8,138	\$ 40,620	\$ 10,435	\$ 86,738
	1,585	7,103	1,860	14,901
	701	3,666	786	7,725
	10,424	51,389	13,081	109,364
	188			223,644
	1,298	283	161	7,825
		51		211
	82	57		201
	1,729	1,455	79	8,084
	2,655	2,234	225	10,545
	664	11	371	1,165
		2,570	1,726	4,795
		529	807	1,336
	53	251	30	530
			9,822	9,822
				1,243
	14	292	2	424
	6,683	7,733	13,223	269,825
\$	17,107	\$ 59,122	\$ 26,304	\$ 379,189

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) A community school is both a place and set of collective partnerships between Rochester Public Schools, United Way of Olmsted County, the individual school site, and other community resources. United Way of Olmsted County serves as a lead partner with Rochester Public Schools to facilitate the partnership and organize community resources to support student success at three sites, Gage Elementary, Riverside Elementary and Rochester ALC. Each site has goals established in the areas of Attendance, Behavior and Curriculum improvements.
- (8) Cradle to Career is a community wide Initiative that utilizes the nationally recognized StriveTogether model to plan a multi-year, multi-phase program that aims to facilitate, advance, and evolve a common agenda to improve educational outcomes and ensure all children have a clear path to economic prosperity through family, education, and community opportunities to help them become productive, thriving adults. United Way of Olmsted County is one of several partner organizations and serves a variety of roles within the developing initiative, including administrative support, data support and leadership.

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, 2018.
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, 2018.



President

Date 6-6-18



Chief Financial Officer

Date 6-6-18