

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED MARCH 31, 2020**



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## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of United Way of Olmsted County, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2020, and the related statements of activities 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.

### ***Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Olmsted County, Inc. as of March 31, 2020, 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.

**Report on Summarized Comparative Information**

The 2019 financial statements of United Way of Olmsted County, Inc. were audited by other auditors whose report dated May 15, 2019 expressed an unmodified opinion on those financial statements. The summarized comparative information presented herein as of and for the year ended March 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.


**Other Matters**

*Change in Accounting Principle*

As described in Note 1, the Organization adopted Accounting Standards Update (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. The accounting change has not been retrospectively applied to prior periods presented but applied prospectively. Our opinion is not modified with respect to that matter.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional internal initiative program service expenses 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.



**CliftonLarsonAllen LLP**

Austin, Minnesota  
July 15, 2020

**UNITED WAY OF OLMSTED COUNTY, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2020**  
**(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2019)**

	2020	2019
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 745,894	\$ 495,800
Investments	1,884,001	2,190,039
Accounts Receivable	4,719	3,971
Pledges Receivable, Net	1,932,849	1,875,953
Prepaid Expenses and Other Assets	48,046	50,243
Total Current Assets	4,615,509	4,616,006
<b>PROPERTY AND EQUIPMENT</b>		
Land	77,525	77,525
Buildings and Improvements	1,708,212	1,677,838
Furniture and Equipment	156,271	155,211
Total	1,942,008	1,910,574
Less: Accumulated Depreciation	(1,352,664)	(1,301,017)
Total Property and Equipment	589,344	609,557
Total Assets	\$ 5,204,853	\$ 5,225,563
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 46,360	\$ 45,234
Community Program Distributions Payable	369,983	401,196
Donor Designations Payable	589,269	544,234
Deferred Revenue	23,717	19,070
Total Current Liabilities	1,029,329	1,009,734
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Undesignated	624,003	517,479
Designated - Operating Reserve	450,000	450,000
Designated - Future Building and Grounds Needs	111,479	69,551
Invested in Property and Equipment, Net of Related Debt	589,344	609,557
Total Without Donor Restrictions	1,774,826	1,646,587
With Donor Restrictions	2,400,698	2,569,242
Total Net Assets	4,175,524	4,215,829
Total Liabilities and Net Assets	\$ 5,204,853	\$ 5,225,563

See accompanying Notes to Financial Statements.

**UNITED WAY OF OLMSTED COUNTY, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED MARCH 31, 2020**  
**(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2019)**

	Without Donor Restrictions	With Donor Restrictions	Total	2019 Totals
<b>REVENUE, SUPPORT, AND GAINS</b>				
Current Campaign to Date	\$ -	\$ 3,138,017	\$ 3,138,017	\$ 3,254,758
Prior Campaign	104,419	-	104,419	92,836
Less: Donor Designations	(2,488)	(615,817)	(618,305)	(592,225)
Less: Estimated Uncollectible Pledges	-	(124,253)	(124,253)	(106,671)
Net Campaign Contributions	<u>101,931</u>	<u>2,397,947</u>	<u>2,499,878</u>	<u>2,648,698</u>
Uncollected Pledges Adjustments	15,699	-	15,699	91,517
Grant Income	339,868	-	339,868	156,976
Other Contributions	933	-	933	14,056
In-Kind Contributions	64,921	-	64,921	71,097
Special Events	93,405	-	93,405	59,916
Net Investment Income (Loss)	(82,423)	-	(82,423)	59,129
Other Income	11,661	-	11,661	10,181
Endowment Distribution	26,100	-	26,100	27,001
Building Rental Income, Net	15,261	-	15,261	11,290
Net Assets Released from Restrictions	<u>2,566,491</u>	<u>(2,566,491)</u>	<u>-</u>	<u>-</u>
Total Revenue, Support, and Gains	<u>3,153,847</u>	<u>(168,544)</u>	<u>2,985,303</u>	<u>3,149,861</u>
<b>EXPENSES AND LOSSES</b>				
Program Services Expense:				
Advocacy, Grant Making, and Result Tracking	1,612,642	-	1,612,642	1,981,955
Internal Community Initiatives	<u>693,877</u>	<u>-</u>	<u>693,877</u>	<u>513,617</u>
Total Program Expenses	2,306,519	-	2,306,519	2,495,572
Supporting Services Expense:				
Management and General	306,667	-	306,667	298,774
Fundraising	<u>412,422</u>	<u>-</u>	<u>412,422</u>	<u>449,122</u>
Total Supporting Services Expenses	719,089	-	719,089	747,896
Total Expenses	<u>3,025,608</u>	<u>-</u>	<u>3,025,608</u>	<u>3,243,468</u>
<b>CHANGE IN NET ASSETS</b>	128,239	(168,544)	(40,305)	(93,607)
Net Assets - Beginning of Year	<u>1,646,587</u>	<u>2,569,242</u>	<u>4,215,829</u>	<u>4,309,436</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 1,774,826</u>	<u>\$ 2,400,698</u>	<u>\$ 4,175,524</u>	<u>\$ 4,215,829</u>

See accompanying Notes to Financial Statements.



**UNITED WAY OF OLMSTED COUNTY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED MARCH 31, 2020**  
**(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2019)**

	Program Services			Management and General	Fundraising	Totals	
	Advocacy, Grant Making, and Result Tracking	Internal Community Initiatives (Pages 18-19)	Total			2020	2019
Impact Grants and Awards	\$ 1,841,445	\$ -	\$ 1,841,445	\$ -	\$ -	\$ 1,841,445	\$ 2,234,260
Less: Donor Designations	(618,305)	-	(618,305)	-	-	(618,305)	(589,971)
Impact Grants and Awards, Net	1,223,140	-	1,223,140	-	-	1,223,140	1,644,289
Salaries and Wages	252,381	279,942	532,323	166,723	214,800	913,846	786,282
Employee Benefits	53,031	53,003	106,034	39,324	48,632	193,990	182,807
Payroll Taxes	19,165	21,584	40,749	12,243	15,979	68,971	60,300
Total	324,577	354,529	679,106	218,290	279,411	1,176,807	1,029,389
Program Expense	-	212,655	212,655	-	-	212,655	224,240
Fees for Professional Services	93	1,875	1,968	37,924	1	39,893	35,394
Advertising	6,813	17,468	24,281	3,259	11,032	38,572	36,464
Donor Relationship Management	-	-	-	135	15,751	15,886	11,348
Supplies	1,778	7,887	9,665	5,768	8,194	23,627	21,558
Technology	9,867	18,886	28,753	10,058	17,810	56,621	50,761
Occupancy	4,280	24,329	28,609	3,002	5,779	37,390	37,391
Equipment Rental	1,599	5,674	7,273	1,507	2,829	11,609	15,245
Conferences, Conventions, and Training	4,387	24,897	29,284	700	2,984	32,968	16,274
Meetings and Food	2,114	8,452	10,566	683	1,885	13,134	3,883
Travel	1,808	11,143	12,951	1,155	934	15,040	12,549
Insurance	999	1,263	2,262	8,410	956	11,628	11,439
Special Events	-	-	-	-	54,449	54,449	39,033
Depreciation	-	-	-	11,795	-	11,795	5,880
Membership Dues and Subscriptions	29,165	-	29,165	2,917	4,375	36,457	36,755
Miscellaneous	2,022	4,819	6,841	1,064	6,032	13,937	11,576
Total	\$ 1,612,642	\$ 693,877	\$ 2,306,519	\$ 306,667	\$ 412,422	\$ 3,025,608	\$ 3,243,468

See accompanying Notes to Financial Statements.

**UNITED WAY OF OLMSTED COUNTY, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED MARCH 31, 2020**  
**(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2019)**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (40,305)	\$ (93,607)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation and Amortization	50,177	44,262
Uncollected Pledges Adjustment	108,554	15,154
Realized and Unrealized (Gain) Loss on Investments	180,230	27,771
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(748)	(3,633)
Promises to Give, Net	(165,450)	48,608
Prepaid Expenses and Other Assets	2,197	(13,278)
Accounts Payable	1,126	958
Community Program Distributions Payable	(31,213)	3,516
Donor Designations Payable	45,035	(78,522)
Deferred revenue	4,647	(7,738)
Net Cash Provided (Used) by Operating Activities	<u>154,250</u>	<u>(56,509)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(502,880)	-
Proceeds from Sales of Investments	628,688	564
Purchases of Property and Equipment	(29,964)	(83,496)
Net Cash Provided (Used) by Investing Activities	<u>95,844</u>	<u>(82,932)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Bonds, Notes, and Capital Leases	<u>-</u>	<u>(11,847)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	250,094	(151,288)
Cash and Cash Equivalents - Beginning of Year	<u>495,800</u>	<u>647,088</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 745,894</u>	<u>\$ 495,800</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS</b>		
Contributed Supplies Received	\$ 59,315	\$ 65,824
Contributed Services Received	5,606	5,273
Total	<u>\$ 64,921</u>	<u>\$ 71,097</u>

See accompanying Notes to Financial Statements.

**UNITED WAY OF OLMSTED COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020**  
**(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2019)**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The United Way of Olmsted County, Inc. (the Organization) is a 501(c)(3) nonprofit organization 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 “United 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.

Advocacy, Grant Making, and Result Tracking – This program service category includes convening the community to address key issues, assess community needs, provide outcome measurement training to various entities in the community, provide program assessment, review and selection of programs, administer grants, provide financial and stewardship oversight of grant recipients, provide capacity building for agencies, advocate for causes, and participate in community partnerships to advance common goals.

Internal Community Initiatives – This program service category includes focus on several internal initiatives, managed by United Way staff and/or contracted to outside vendors, to further our work and create measurable impact on our community.

**Comparative Financial Information**

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the audited financial statements for the year ended March 31, 2019, from which the summarized information was derived.

**Cash and Cash Equivalents**

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

**UNITED WAY OF OLMSTED COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020**  
**(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2019)**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments**

The Organization records investment purchases at cost, or if donated, at the fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment returns and losses are reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to level of risk associated with certain investments securities, it is reasonably possible that changes in the fair value of the investments will occur in the near term and that such change could materially affect the amounts reported in the statement of financial position.

**Pledges Receivable**

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 pledges is computed based upon historical averages, adjusted by management's estimate of current economic factors applied to the gross campaign.

**Property and Equipment**

The Organization records property and equipment additions over \$1,500 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 2 to 30 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

**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.

**Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

**UNITED WAY OF OLMSTED COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020**  
**(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2019)**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Assets (Continued)**

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**Revenue and Revenue Recognition**

Revenue is recognized when earned. Deferred revenue consists of fees or presold tickets deemed to be exchange transactions that relate to future periods. The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give — that is, those with a measurable performance or other barrier and a right of return — are not recognized until the conditions on which they depend have been met.

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

**Donated Services and In-Kind Contributions**

Contribution of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. The contributions presented on the accompanying statement of activities includes contributed materials and services valued at \$64,921 and \$71,097 for the years ended March 31, 2020 and 2019, respectively.

**Advertising Costs**

Advertising costs are expensed as incurred and totaled \$38,572 and \$36,464 during the years ended March 31, 2020 and 2019, respectively.

**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.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020**  
**(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2019)**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Designation Processing and Membership Requirement M Compliance (Continued)**

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 the 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 forms 990. The United Way Board of Directors reviews the handling fee on an annual basis.

**Functional Allocation of Expenses**

The Organization allocates its expenses on a functional basis among program, management and general, and fundraising. Direct personnel costs and other direct expenses that can be identified are allocated directly according to their natural expense classification. Salary, indirect personnel costs and other indirect expenses that are common to several functions are allocated to each functional expense category based on employee time records.

**Income Taxes**

The Organization is classified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income taxes. As such, it is subject to federal and state income taxes on net unrelated business income.

The Organization follows the accounting standards for contingencies in evaluating uncertain tax positions and files as a tax-exempt organization. Should that status be challenged in the future, all years since inception could be subject to review by the Internal Revenue Service.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

**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 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.

**UNITED WAY OF OLMSTED COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020**  
**(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2019)**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**Change in Accounting Principle**

In June 2018, FASB issued Accounting Standards (ASU) 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

**Subsequent Events**

We have evaluated subsequent events through July 15, 2020, the date the financial statements were available to be issued.

**NOTE 2 LIQUIDITY AND AVAILABILITY**

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program-related activities as well as the conduct of services undertaken to support those programs to be general expenditures.

At March 31, 2020 and 2019, the following financial assets could be readily made available within one year of the statement of financial position date to meet general expenditures:

	2020	2019
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 745,894	\$ 495,800
Investments	1,884,001	2,190,039
Accounts Receivable	4,719	3,971
Promises to Give, Net	1,932,849	1,875,953
Total Financial Assets at Year-End	4,567,463	4,565,763
Less: Amount Not Available to Meet General Expenditures Within One Year:		
Board Designated Assets	(561,479)	(519,551)
Restricted by Donors for Future Periods	(2,400,698)	(2,569,242)
Financial Assets Available to Meet General Expenditures Within One Year	\$ 1,605,286	\$ 1,476,970

**UNITED WAY OF OLMSTED COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020**  
**(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2019)**

**NOTE 3 INVESTMENTS**

The following is a summary of investments at March 31, 2020:

	<u>Cost</u>	<u>Fair Value</u>
U.S. Equity Funds	\$ 304,168	\$ 331,547
International Equity Funds	163,868	166,250
Fixed Income Funds	748,206	690,133
Other, Fixed Income	627,714	613,216
Other Investments	95,581	82,855
Total	<u>\$ 1,939,537</u>	<u>\$ 1,884,001</u>
Investment Return is Summarized as Follows:		
Interest, Dividends, and Capital Gains, Net		\$ 97,807
Realized and Unrealized Net Loss		<u>(180,230)</u>
Total		<u>\$ (82,423)</u>

The following is a summary of investments at March 31, 2019:

	<u>Cost</u>	<u>Fair Value</u>
U.S. Equity Funds	\$ 443,736	\$ 549,453
International Equity Funds	99,869	138,308
Fixed Income Funds	822,970	817,942
Other Fixed Income	594,532	601,978
Other Investments	83,035	82,358
Total	<u>\$ 2,044,142</u>	<u>\$ 2,190,039</u>
Investment Return is Summarized as Follows:		
Interest, Dividends, and Capital Gains, Net		\$ 86,900
Realized and Unrealized Net Loss		<u>(27,771)</u>
Total		<u>\$ 59,129</u>

**NOTE 4 FAIR VALUE MEASUREMENTS AND DISCLOSURES**

The Organization reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:



**UNITED WAY OF OLMSTED COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020**  
**(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2019)**

**NOTE 4 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)**

*Level 1* – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

*Level 2* – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

*Level 3* – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

The following table presents assets and liabilities measured at fair value on a recurring basis at March 31, 2020 and 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>March 31, 2020</u>				
U.S. Equity Funds	\$ 331,547	\$ -	\$ -	\$ 331,547
International Equity Funds	166,250	-	-	166,250
Fixed Income Funds	690,133	-	-	690,133
Other Fixed Income	-	613,216	-	613,216
Other Investments	82,855	-	-	82,855
Total	<u>\$ 1,270,785</u>	<u>\$ 613,216</u>	<u>\$ -</u>	<u>\$ 1,884,001</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>March 31, 2019</u>				
U.S. Equity Funds	\$ 549,453	\$ -	\$ -	\$ 549,453
International Equity Funds	138,308	-	-	138,308
Fixed Income Funds	817,942	-	-	817,942
Other Fixed Income	-	601,978	-	601,978
Other Investments	82,358	-	-	82,358
Total	<u>\$ 1,588,061</u>	<u>\$ 601,978</u>	<u>\$ -</u>	<u>\$ 2,190,039</u>

**UNITED WAY OF OLMSTED COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020**  
**(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2019)**

**NOTE 5 PLEDGES RECEIVABLE**

Pledges receivable at March 31, 2020 and 2019 are summarized as follows:

	2018 Campaign Without Donor Restrictions	2019 Campaign With Donor Restrictions	Total
<u>Year Ended March 31, 2020</u>			
Pledges Receivable	\$ 32,682	\$ 2,063,037	\$ 2,095,719
Less: Allowance for Uncollectible Pledges	(29,857)	(133,013)	(162,870)
Total	<u>\$ 2,825</u>	<u>\$ 1,930,024</u>	<u>\$ 1,932,849</u>
	2017 Campaign Without Donor Restrictions	2018 Campaign With Donor Restrictions	Total
<u>Year Ended March 31, 2019</u>			
Pledges Receivable	\$ 125,909	\$ 2,000,079	\$ 2,125,988
Less: Allowance for Uncollectible Pledges	(124,486)	(125,549)	(250,035)
Total	<u>\$ 1,423</u>	<u>\$ 1,874,530</u>	<u>\$ 1,875,953</u>

At March 31, 2020, one donor accounted for 20% of total pledges receivable. One contributor accounted for approximately 13% of total campaign contribution revenue for the year ended March 31, 2020.

At March 31, 2019, one donor accounted for 22% of total pledges receivable. One contributor accounted for approximately 12% of total campaign contribution revenue for the year ended March 31, 2019.

**NOTE 6 LEASES**

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 May 2019 and January 2023.

Future base rental income from the leases are as follows:

<u>Year Ending March 31,</u>	<u>Operating Leases</u>
2021	\$ 117,153
2022	89,136
2023	33,883
2024	3,600
Total	<u>\$ 243,772</u>

**UNITED WAY OF OLMSTED COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020**  
**(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2019)**

**NOTE 6 LEASES (CONTINUED)**

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 activities for the years ended March 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Revenue:		
Rental Income and Expense Reimbursements	\$ 165,568	\$ 162,579
Expenses:		
Insurance	5,200	4,820
Utilities	32,167	33,416
Care of Building and Grounds	65,289	64,725
Management Fees	7,800	9,947
Total Expenses Before Depreciation	<u>110,456</u>	<u>112,908</u>
Depreciation Expense	39,851	38,382
Total Expenses	<u>150,307</u>	<u>151,290</u>
Net Rental Income	<u>\$ 15,261</u>	<u>\$ 11,289</u>

**NOTE 7 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. The balance of the endowment was \$453,702 at March 31, 2020.

**NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes or periods.

	<u>2020</u>	<u>2019</u>
Subject to the Passage of Time:		
Community Grant Making and Operations for the Next Year	<u>\$ 2,400,698</u>	<u>\$ 2,569,242</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended March 31:

	<u>2020</u>	<u>2019</u>
Expiration of Time Restrictions	<u>\$ 2,566,491</u>	<u>\$ 2,786,640</u>

**UNITED WAY OF OLMSTED COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020**  
**(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2019)**

**NOTE 9 DONATED PROFESSIONAL SERVICES AND MATERIALS**

The Organization received donated professional services and materials as follows during the years ended March 31:

	Advocacy, Grant Making, and Result Tracking	Internal Community Initiatives	Management and General	Fundraising and Development	Total
<u>March 31, 2020</u>					
Advertising	\$ 321	\$ -	\$ -	\$ -	\$ 321
Program Expenses	-	59,315	-	-	59,315
Professional Services	-	-	5,000	-	5,000
Supplies	-	-	285	-	285
Total	<u>\$ 321</u>	<u>\$ 59,315</u>	<u>\$ 5,285</u>	<u>\$ -</u>	<u>\$ 64,921</u>
	Advocacy, Grant Making, and Result Tracking	Internal Community Initiatives	Management and General	Fundraising and Development	Total
<u>March 31, 2019</u>					
Advertising	\$ -	\$ -	\$ -	\$ 208	\$ 208
Program Expenses	-	65,824	-	-	65,824
Professional Services	-	-	5,000	-	5,000
Supplies	-	65	-	-	65
Total	<u>\$ -</u>	<u>\$ 65,889</u>	<u>\$ 5,000</u>	<u>\$ 208</u>	<u>\$ 71,097</u>

**NOTE 10 FUNCTIONALIZED EXPENSES**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Direct allocation: if an expense can be directly attributed to an initiative, it is posted to that initiative or function. Indirect allocation based on usage: Certain machines allow for counts. These include, but are not limited to, the postage machine and copier. Costs for these machines are allocated based on usage. Indirect allocation based on time: Overhead expenses are allocated to departments based on time spent working within these departments or initiatives. These expenses include, but are not limited to, wage, benefits, rent, insurance, and office supplies.

**NOTE 11 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, 2020 and 2019 was \$57,541 and \$59,097, respectively.

**UNITED WAY OF OLMSTED COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2020**  
**(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2019)**

**NOTE 12 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:

2019	\$	3,106,231
2018		3,259,008
2017		3,477,263
2016		3,684,129
2015		3,939,694

\*2019 results are based on information available as of March 31, 2020.

**NOTE 13 RELATED PARTIES**

There are members of the board of directors of the Organization who hold management positions within the organizations that receive community program distributions from the Organization. Board members of the Organization declare conflicts of interest annually and before any decision related to their conflict. These declarations are recorded in the organizational documents and board minutes. Total grant expense to these organizations totaled \$213,146 and \$253,355 for the years ended March 31, 2020 and 2019, respectively. Total community program distributions payable at March 31, 2020 and 2019 were \$65,495 and \$74,287, respectively.

**NOTE 14 RISKS AND UNCERTAINTIES**

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2021 operations and financial results, including restrictions on the Organization by the governor, additional costs to the Organization, investment performance and potential loss of revenue due to reduction in certain revenue streams. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events occurred subsequent to year-end and are still developing.

Subsequent to year-end, the Organization received a loan in the amount of \$214,500 to fund payroll, rent, and utilities through the federal Payroll Protection Program. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.

**UNITED WAY OF OLMSTED COUNTY, INC.**  
**SCHEDULE OF FUNCTIONAL INTERNAL INITIATIVE PROGRAM SERVICE EXPENSES**  
**YEAR ENDED MARCH 31, 2020**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
	Running Start for School	211	Volunteer Center	Imagination Library	Financial-Free Tax Preparation	Community Schools	Cradle to Career	Total
Salaries and Wages	\$ 8,769	\$ 6,535	\$ 6,560	\$ 3,000	\$ 5,789	\$ 41,333	\$ 207,956	\$ 279,942
Employee Benefits	1,256	798	2,028	391	1,115	9,852	37,563	53,003
Payroll Taxes	721	540	514	254	451	3,334	15,770	21,584
<b>Total</b>	<b>10,746</b>	<b>7,873</b>	<b>9,102</b>	<b>3,645</b>	<b>7,355</b>	<b>54,519</b>	<b>261,289</b>	<b>354,529</b>
Program Expense	59,839	17,527	-	124,776	538	9,875	100	212,655
Fees for Professional Services	-	-	-	-	-	-	1,875	1,875
Advertising	2,090	11,023	657	-	630	-	3,068	17,468
Donor Relationship Management	-	-	-	-	-	-	-	-
Supplies	1,206	58	-	135	208	-	6,280	7,887
Technology	563	545	3,923	718	1,464	802	10,871	18,886
Occupancy	1,113	1,080	1,513	1,399	6,097	1,481	11,646	24,329
Equipment Rental	789	681	651	600	1,220	611	1,122	5,674
Conferences, Conventions, and Training	-	629	-	-	-	198	24,070	24,897
Meetings and Food	874	42	244	-	51	398	6,843	8,452
Travel	-	1,239	-	-	-	-	9,904	11,143
Insurance	44	36	28	21	33	138	963	1,263
Special Events	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Membership Dues and Subscriptions	-	-	-	-	-	-	-	-
Miscellaneous	102	474	15	11	79	1	4,137	4,819
<b>Total</b>	<b>\$ 77,366</b>	<b>\$ 41,207</b>	<b>\$ 16,133</b>	<b>\$ 131,305</b>	<b>\$ 17,675</b>	<b>\$ 68,023</b>	<b>\$ 342,168</b>	<b>\$ 693,877</b>

**UNITED WAY OF OLMSTED COUNTY, INC.**  
**SCHEDULE OF FUNCTIONAL INTERNAL INITIATIVE PROGRAM SERVICE EXPENSES (CONTINUED)**  
**YEAR ENDED MARCH 31, 2020**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

Program Descriptions:

- (1) Running Start for School mobilizes backpacks and school supplies through the summer months and then 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 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) 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.
- (6) 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 Alternative Learning Center. Each site has goals established in the areas of Attendance, Behavior, and Curriculum improvements.
- (7) Cradle to Career is a community wide initiative that utilizes the nationally recognized StriveTogether model to plan a multi-year, multi-phase program to improve educational outcomes in our community and ensure every child and young adult succeeds cradle to career, through shared purpose, alignment, and accountability among community partners. United way of Olmsted County is one of several partner organizations and serves a variety of roles within the community wide initiative, including administrative support, data support, and leadership.

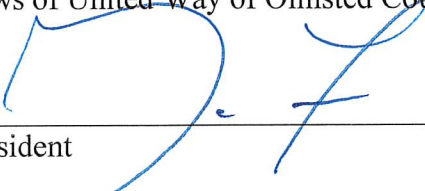
### Audit Certification

#### 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, 2020.
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, 2020.

  
\_\_\_\_\_  
President

Date 7-21-20

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

Date 7-21-2020