

UNITED WAY OF OLMSTED COUNTY, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED MARCH 31, 2021



WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

CLAcconnect.com

**UNITED WAY OF OLMSTED COUNTY, INC.
TABLE OF CONTENTS
YEAR ENDED MARCH 31, 2021**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION	
SCHEDULE OF FUNCTIONAL INTERNAL INITIATIVE PROGRAM SERVICE EXPENSES	18



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, 2021, 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, 2021, 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

We previously audited the United Way of Olmsted County, Inc. 2020 financial statements, and our report dated July 15, 2020, 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, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 14, 2021

UNITED WAY OF OLMSTED COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2021
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2020)

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 997,882	\$ 745,894
Investments	2,168,646	1,884,001
Accounts Receivable	91,662	4,719
Pledges Receivable, Net	1,803,245	1,932,849
Prepaid Expenses and Other Assets	48,109	48,046
Total Current Assets	5,109,544	4,615,509
PROPERTY AND EQUIPMENT		
Land	77,525	77,525
Buildings and Improvements	1,764,152	1,708,212
Furniture and Equipment	146,133	156,271
Total	1,987,810	1,942,008
Less: Accumulated Depreciation	(1,390,413)	(1,352,664)
Total Property and Equipment	597,397	589,344
Total Assets	\$ 5,706,941	\$ 5,204,853
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 63,441	\$ 46,360
Community Program Distributions Payable	312,475	369,983
Donor Designations Payable	505,839	589,269
Deferred Revenue	1,704	23,717
Refundable Advance - PPP Loan	239,120	-
Total Current Liabilities	1,122,579	1,029,329
NET ASSETS		
Without Donor Restrictions:		
Undesignated	1,012,797	624,003
Designated - Operating Reserve	450,000	450,000
Designated - Future Building and Grounds Needs	99,777	111,479
Designated - Future Grants	75,000	-
Invested in Property and Equipment, Net of Related Debt	597,397	589,344
Total Without Donor Restrictions	2,234,971	1,774,826
With Donor Restrictions	2,349,391	2,400,698
Total Net Assets	4,584,362	4,175,524
Total Liabilities and Net Assets	\$ 5,706,941	\$ 5,204,853

See accompanying Notes to Financial Statements.

UNITED WAY OF OLMSTED COUNTY, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2021
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2020)

	Without Donor Restrictions	With Donor Restrictions	Total	2020 Totals
REVENUE, SUPPORT, AND GAINS				
Current Campaign to Date	\$ -	\$ 2,916,128	\$ 2,916,128	\$ 3,138,017
Prior Campaign	136,554	-	136,554	104,419
Less: Donor Designations	(99,016)	(499,839)	(598,855)	(618,305)
Less: Estimated Uncollectible Pledges	-	(116,650)	(116,650)	(124,253)
Net Campaign Contributions	37,538	2,299,639	2,337,177	2,499,878
Uncollected Pledges Adjustments	37,608	-	37,608	15,699
Grant Income	578,632	49,650	628,282	339,868
Other Contributions	99,016	-	99,016	933
In-Kind Contributions	22,917	-	22,917	64,921
Special Events	61,578	-	61,578	93,405
Net Investment Income (Loss)	481,897	-	481,897	(82,423)
Other Income	2,870	-	2,870	11,661
Endowment Distribution	25,700	-	25,700	26,100
Building Rental Income, Net	4,208	-	4,208	15,261
Net Assets Released from Restrictions	2,400,596	(2,400,596)	-	-
Total Revenue, Support, and Gains	3,752,560	(51,307)	3,701,253	2,985,303
EXPENSES AND LOSSES				
Program Services Expense:				
Advocacy, Grant Making, and Result Tracking	1,861,363	-	1,861,363	1,612,642
Internal Community Initiatives	692,103	-	692,103	693,877
Total Program Expenses	2,553,466	-	2,553,466	2,306,519
Supporting Services Expense:				
Management and General	353,261	-	353,261	306,667
Fundraising	385,688	-	385,688	412,422
Total Supporting Services Expenses	738,949	-	738,949	719,089
Total Expenses	3,292,415	-	3,292,415	3,025,608
CHANGE IN NET ASSETS	460,145	(51,307)	408,838	(40,305)
Net Assets - Beginning of Year	1,774,826	2,400,698	4,175,524	4,215,829
NET ASSETS - END OF YEAR	<u>\$ 2,234,971</u>	<u>\$ 2,349,391</u>	<u>\$ 4,584,362</u>	<u>\$ 4,175,524</u>

See accompanying Notes to Financial Statements.

UNITED WAY OF OLMSTED COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2021
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2020)

	Program Services			Management and General	Fundraising	Totals	
	Advocacy, Grant Making, and Result Tracking	Internal Community Initiatives (Pages 19-20)	Total			2021	2020
Impact Grants and Awards	\$ 2,023,457	\$ -	\$ 2,023,457	\$ -	\$ -	\$ 2,023,457	\$ 1,841,445
Less: Donor Designations	(598,855)	-	(598,855)	-	-	(598,855)	(618,305)
Impact Grants and Awards, Net	1,424,602	-	1,424,602	-	-	1,424,602	1,223,140
Salaries and Wages	287,744	344,133	631,877	190,884	237,284	1,060,045	913,846
Employee Benefits	56,305	47,588	103,893	57,604	45,819	207,316	193,990
Payroll Taxes	20,979	25,474	46,453	13,785	17,181	77,419	68,971
Total	365,028	417,195	782,223	262,273	300,284	1,344,780	1,176,807
Program Expense	2,754	171,704	174,458	-	-	174,458	212,655
Fees for Professional Services	-	-	-	31,782	-	31,782	39,893
Advertising	4,479	26,672	31,151	3,030	10,356	44,537	38,572
Donor Relationship Management	-	229	229	-	10,375	10,604	15,886
Supplies	1,142	1,359	2,501	4,906	7,257	14,664	23,627
Technology	10,266	24,201	34,467	13,170	24,676	72,313	56,621
Occupancy	6,277	20,430	26,707	4,032	6,652	37,391	37,390
Equipment Rental	1,030	5,612	6,642	1,175	1,565	9,382	11,609
Conferences, Conventions, and Training	4,308	20,371	24,679	3,638	7,015	35,332	32,968
Meetings and Food	33	157	190	-	149	339	13,134
Travel	-	1,225	1,225	-	725	1,950	15,040
Insurance	927	1,178	2,105	9,284	880	12,269	11,628
Special Events	-	-	-	-	7,555	7,555	54,449
Depreciation	-	-	-	14,091	-	14,091	11,795
Membership Dues and Subscriptions	39,632	-	39,632	3,966	4,833	48,431	36,457
Interest	-	-	-	1,216	-	1,216	-
Miscellaneous	885	1,770	2,655	698	3,366	6,719	13,937
Total	\$ 1,861,363	\$ 692,103	\$ 2,553,466	\$ 353,261	\$ 385,688	\$ 3,292,415	\$ 3,025,608

See accompanying Notes to Financial Statements.

UNITED WAY OF OLMSTED COUNTY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2021
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 408,838	\$ (40,305)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	56,622	50,177
Uncollected Pledges Adjustment	79,042	108,554
Realized and Unrealized (Gain) Loss on Investments	(412,357)	180,230
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(86,943)	(748)
Promises to Give, Net	50,562	(165,450)
Prepaid Expenses and Other Assets	(63)	2,197
Accounts Payable	17,081	1,126
Community Program Distributions Payable	(57,508)	(31,213)
Donor Designations Payable	(83,430)	45,035
Deferred revenue	(22,013)	4,647
Refundable Advance - PPP Loan	239,120	-
Net Cash Provided by Operating Activities	188,951	154,250
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(357,625)	(502,880)
Proceeds from Sales of Investments	485,337	628,688
Purchases of Property and Equipment	(64,675)	(29,964)
Net Cash Provided by Investing Activities	63,037	95,844
NET CHANGE IN CASH AND CASH EQUIVALENTS	251,988	250,094
Cash and Cash Equivalents - Beginning of Year	745,894	495,800
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 997,882	\$ 745,894
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS		
Contributed Supplies Received	\$ 22,917	\$ 59,315
Contributed Services Received	-	5,606
Total	\$ 22,917	\$ 64,921

See accompanying Notes to Financial Statements.

UNITED WAY OF OLMSTED COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2020)

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, 2020, 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.

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.

UNITED WAY OF OLMSTED COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2020)

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

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.

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.

UNITED WAY OF OLMSTED COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2020)

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

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 \$22,917 and \$64,921 for the years ended March 31, 2021 and 2020, respectively.

Advertising Costs

Advertising costs are expensed as incurred and totaled \$44,537 and \$38,572 during the years ended March 31, 2021 and 2020, 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, 2021
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2020)

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.

Subsequent Events

We have evaluated subsequent events through July 14, 2021, the date the financial statements were available to be issued.

UNITED WAY OF OLMSTED COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2020)

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, 2021 and 2020, the following financial assets could be readily made available within one year of the statement of financial position date to meet general expenditures:

	<u>2021</u>	<u>2020</u>
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 997,882	\$ 745,894
Investments	2,168,646	1,884,001
Accounts Receivable	91,662	4,719
Promises to Give, Net	<u>1,803,245</u>	<u>1,932,849</u>
Total Financial Assets at Year-End	5,061,435	4,567,463
Less: Amount Not Available to Meet General Expenditures Within One Year:		
Restricted Usage of PPP Funds	(239,120)	-
Board Designated Assets	(624,777)	(561,479)
Restricted by Donors	<u>(2,349,391)</u>	<u>(2,400,698)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 1,848,147</u>	<u>\$ 1,605,286</u>

NOTE 3 INVESTMENTS

The following is a summary of investments at March 31, 2021:

	<u>Cost</u>	<u>Fair Value</u>
U.S. Equity Funds	\$ 358,602	\$ 502,278
International Equity Funds	181,920	271,427
Fixed Income Funds	642,532	648,387
Other, Fixed Income	642,521	655,832
Other Investments	<u>96,277</u>	<u>90,722</u>
Total	<u>\$ 1,921,852</u>	<u>\$ 2,168,646</u>
Investment Return is Summarized as Follows:		
Interest, Dividends, and Capital Gains, Net		\$ 62,466
Realized and Unrealized Net Gain		<u>419,431</u>
Total		<u>\$ 481,897</u>

UNITED WAY OF OLMSTED COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2020)

NOTE 3 INVESTMENTS (CONTINUED)

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>

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:

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.

UNITED WAY OF OLMSTED COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2020)

NOTE 4 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

The following table presents assets and liabilities measured at fair value on a recurring basis at March 31, 2021 and 2020:

	Level 1	Level 2	Level 3	Total
<u>March 31, 2021</u>				
U.S. Equity Funds	\$ 502,278	\$ -	\$ -	\$ 502,278
International Equity Funds	271,427	-	-	271,427
Fixed Income Funds	648,387	-	-	648,387
Other Fixed Income	-	655,832	-	655,832
Other Investments	90,722	-	-	90,722
Total	<u>\$ 1,512,814</u>	<u>\$ 655,832</u>	<u>\$ -</u>	<u>\$ 2,168,646</u>
	Level 1	Level 2	Level 3	Total
<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>

NOTE 5 PLEDGES RECEIVABLE

Pledges receivable at March 31, 2021 and 2020 are summarized as follows:

	2019 Campaign Without Donor Restrictions	2020 Campaign With Donor Restrictions	Total
<u>Year Ended March 31, 2021</u>			
Pledges Receivable	\$ 48,450	\$ 1,914,605	\$ 1,963,055
Less: Allowance for Uncollectible Pledges	(47,630)	(112,180)	(159,810)
Total	<u>\$ 820</u>	<u>\$ 1,802,425</u>	<u>\$ 1,803,245</u>
	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>

UNITED WAY OF OLMSTED COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2020)

NOTE 5 PLEDGES RECEIVABLE (CONTINUED)

At March 31, 2021, one donor accounted for 21% of total pledges receivable. One contributor accounted for approximately 14% of total campaign contribution revenue for the year ended March 31, 2021.

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.

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 July 2021 and September 2023.

Future base rental income from the leases are as follows:

<u>Year Ending March 31,</u>	<u>Operating Leases</u>
2022	\$ 77,749
2023	47,447
2024	22,297
Total	<u>\$ 147,493</u>

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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Revenue:		
Rental Income and Expense Reimbursements	\$ 161,338	\$ 165,568
Expenses:		
Insurance	5,400	5,200
Utilities	31,102	32,167
Care of Building and Grounds	70,298	65,289
Interest Expense	-	38
Management Fees	7,800	7,762
Total Expenses Before Depreciation	<u>114,600</u>	<u>110,456</u>
Depreciation Expense	42,530	39,851
Total Expenses	<u>157,130</u>	<u>150,307</u>
Net Rental Income	<u>\$ 4,208</u>	<u>\$ 15,261</u>

UNITED WAY OF OLMSTED COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2020)

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 \$553,499 at March 31, 2021.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

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

	2021	2020
Subject to the Passage of Time:		
Community Grant Making and Operations for the Next Year	\$ 2,299,741	\$ 2,400,698
Subject to Purpose Restriction:		
Advance Diverse Communities	39,000	-
Born Learning Trail	10,650	-
Total Net Assets with Donor Restrictions	\$ 2,349,391	\$ 2,400,698

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:

	2021	2020
Expiration of Time Restrictions	\$ 2,400,596	\$ 2,566,491

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, 2021</u>					
Program Expenses	\$ -	\$ 22,917	\$ -	\$ -	\$ 22,917
Total	\$ -	\$ 22,917	\$ -	\$ -	\$ 22,917

UNITED WAY OF OLMSTED COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2020)

NOTE 9 DONATED PROFESSIONAL SERVICES AND MATERIALS (CONTINUED)

	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>

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 copier machines allow for counts. 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, 2021 and 2020 was \$58,115 and \$57,541, respectively.

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.

UNITED WAY OF OLMSTED COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2020)

NOTE 12 FUNDRAISING CAMPAIGN RESULTS (CONTINUED)

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

Year Ended March 31,	Amount
2020	\$ 2,916,228
2019	3,235,480
2018	3,259,008
2017	3,477,263
2016	3,684,129

*2020 results are based on information available as of March 31, 2021.

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 \$294,146 and \$213,146 for the years ended March 31, 2021 and 2020, respectively. Total community program distributions payable at March 31, 2021 and 2020 were \$84,220 and \$65,495, respectively.

NOTE 14 PAYCHECK PROTECTION PROGRAM LOAN

On April 13, 2020, the Organization received proceeds in the amount of \$214,500 to fund payroll, rent, and utilities through the Paycheck Protection Program (the "PPP Loan"). As of March 31, 2021, the PPP loan was forgiven by the U.S. Small Business Administration (SBA) as the loan was subject to certain performance barriers, as outlined in the loan agreement and the CARES Act, which had been met. Forgiveness of the loan was recognized as grant income in the statement of activities.

The SBA may review funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

Additionally, the Organization received a second draw of funds in the amount of \$239,120 on March 15, 2021. The second draw has the same requirements in that the loan may be forgiven by the SBA subject to certain performance barriers, as outlined in the loan agreement and the CARES Act. Therefore, the Organization has classified this loan as a conditional contribution for accounting purposes. As of March 31, 2021, the Organization has not satisfied the performance barriers attributable to \$239,120 of the PPP loan proceeds, and this amount is classified as a refundable advance in the accompanying statement of financial position. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the organization fails to apply forgiveness within 10 months after the covered period, then the payment of principal and interest shall begin on that date. The covered period from the date of the second draw to between 8 and 24 weeks is the time that the Organization has to spend their PPP Loan funds.

UNITED WAY OF OLMSTED COUNTY, INC.
SCHEDULE OF FUNCTIONAL INTERNAL INITIATIVE PROGRAM SERVICE EXPENSES
YEAR ENDED MARCH 31, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
	Running Start for School	211	Get Connected	Imagination Library	Free Tax Preparation	Community Schools	Cradle to Career	Total
Salaries and Wages	\$ 6,524	\$ 2,916	\$ 8,467	\$ 3,770	\$ 5,268	\$ 57,160	\$ 260,028	\$ 344,133
Employee Benefits	1,412	694	424	512	1,244	2,772	40,530	47,588
Payroll Taxes	487	215	652	287	388	4,421	19,024	25,474
Total	8,423	3,825	9,543	4,569	6,900	64,353	319,582	417,195
Program Expense	35,440	23,425	-	109,436	738	-	2,665	171,704
Fees for Professional Services	-	-	-	-	-	-	-	-
Advertising	2,583	5,604	49	-	1,516	72	16,848	26,672
Donor Relationship Management	-	-	214	-	-	-	15	229
Supplies	745	-	109	17	-	47	441	1,359
Technology	700	676	3,847	945	1,162	5,452	11,419	24,201
Occupancy	1,092	1,026	1,179	1,677	2,247	2,205	11,004	20,430
Equipment Rental	782	785	785	781	863	810	806	5,612
Conferences, Conventions, and Training	-	-	-	-	-	489	19,882	20,371
Meetings and Food	41	-	-	-	-	-	116	157
Travel	-	-	-	-	-	553	672	1,225
Insurance	27	12	44	21	17	168	889	1,178
Special Events	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Membership Dues and Subscriptions	-	-	-	-	-	-	-	-
Miscellaneous	16	2	-	-	-	64	1,688	1,770
Total	\$ 49,849	\$ 35,355	\$ 15,770	\$ 117,446	\$ 13,443	\$ 74,213	\$ 386,027	\$ 692,103

UNITED WAY OF OLMSTED COUNTY, INC.
SCHEDULE OF FUNCTIONAL INTERNAL INITIATIVE PROGRAM SERVICE EXPENSES (CONTINUED)
YEAR ENDED MARCH 31, 2021
(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, 2021.
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, 2021.



President

Date 7-19-21



Chief Financial Officer

Date 7-19-21