

UNITED WAY OF DOUGLAS & POPE COUNTIES

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2020 AND 2019

**UNITED WAY OF DOUGLAS & POPE COUNTIES
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INDEPENDENT AUDITORS' REPORT

Board of Directors
United Way of Douglas & Pope Counties
Alexandria, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Douglas & Pope Counties, which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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.

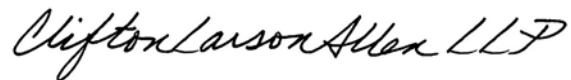
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Douglas & Pope Counties as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of net funds distributed and schedule of net assets with donor restrictions are presented for purposes of additional analysis and are 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

St. Cloud, Minnesota
September 15, 2020

UNITED WAY OF DOUGLAS & POPE COUNTIES
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 478,474	\$ 400,734
Certificates of Deposit	10,708	10,483
Pledges Receivable, Net	135,309	181,374
Accounts Receivable	18,400	14,500
Inventory	19,159	15,648
Total Current Assets	<u>662,050</u>	<u>622,739</u>
EQUIPMENT		
Equipment	69,824	47,605
Less: Accumulated Depreciation	<u>(42,326)</u>	<u>(39,146)</u>
Total Equipment	27,498	8,459
OTHER ASSETS		
Endowment Fund	<u>55,648</u>	<u>51,696</u>
Total Assets	<u><u>\$ 745,196</u></u>	<u><u>\$ 682,894</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 11,327	\$ 1,402
Accrued Liabilities	10,933	10,725
Allocations Payable	236,562	273,493
Fiscal Accounts	68,583	77,579
Donor Designations Payable	7,883	20,728
Note Payable	48,000	-
Total Current Liabilities	<u>383,288</u>	<u>383,927</u>
NET ASSETS		
Without Donor Restrictions:		
Board Designated	119,268	116,170
Undesignated	44,567	41,595
Total Net Assets Without Donor Restrictions	<u>163,835</u>	<u>157,765</u>
With Donor Restrictions	198,073	141,202
Total Net Assets	<u>361,908</u>	<u>298,967</u>
Total Liabilities and Net Assets	<u><u>\$ 745,196</u></u>	<u><u>\$ 682,894</u></u>

See accompanying Notes to Financial Statements.

UNITED WAY OF DOUGLAS & POPE COUNTIES
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Gross Campaign Results 2019/2020	\$ 556,048	\$ 220,986	\$ 777,034
Less: Donor Designations	(7,883)	-	(7,883)
Less: Uncollectible Pledges	(27,401)	-	(27,401)
Net Campaign Revenue 2019/2020	520,764	220,986	741,750
In-Kind Donations	64,019	-	64,019
Donated Services	15,400	-	15,400
Special Events	59,625	-	59,625
Interest Income	1,010	-	1,010
Fee Income	2,639	-	2,639
Unrealized Gain on Endowment	3,098	854	3,952
Net Assets Released from Restrictions	164,969	(164,969)	-
Total Revenue and Support	831,524	56,871	888,395
EXPENSES			
Program Services:			
Agency Allocations	244,445	-	244,445
Less: Donor Designations	(7,883)	-	(7,883)
Net Agency Allocations	236,562	-	236,562
Other Allocations and Agency Relations	28,169	-	28,169
Total Allocations and Agency Relations	264,731	-	264,731
Community Impact	346,942	-	346,942
Total Program Services	611,673	-	611,673
Support Services:			
Fundraising	108,521	-	108,521
Management and General	105,260	-	105,260
Total Support Services	213,781	-	213,781
Total Expenses	825,454	-	825,454
CHANGE IN NET ASSETS	6,070	56,871	62,941
Net Assets - Beginning of Year	157,765	141,202	298,967
NET ASSETS - END OF YEAR	<u>\$ 163,835</u>	<u>\$ 198,073</u>	<u>\$ 361,908</u>

See accompanying Notes to Financial Statements.

UNITED WAY OF DOUGLAS & POPE COUNTIES
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Gross Campaign Results 2018/2019	\$ 603,111	\$ 158,251	\$ 761,362
Less: Donor Designations	(20,728)	-	(20,728)
Less: Uncollectible Pledges	(28,508)	-	(28,508)
Net Campaign Revenue 2018/2019	553,875	158,251	712,126
In-Kind Donations	64,539	-	64,539
Donated Services	14,400	-	14,400
Special Events	52,222	-	52,222
Interest Income	1,088	-	1,088
Fee Income	2,439	-	2,439
Unrealized Gain on Endowment	3,134	752	3,886
Net Assets Released from Restrictions	149,033	(149,033)	-
Total Revenue and Support	840,730	9,970	850,700
EXPENSES			
Program Services:			
Agency Allocations	292,657	-	292,657
Less: Donor Designations	(20,728)	-	(20,728)
Net Agency Allocations	271,929	-	271,929
Other Allocations and Agency Relations	28,570	-	28,570
Total Allocations and Agency Relations	300,499	-	300,499
Community Impact	346,412	-	346,412
Total Program Services	646,911	-	646,911
Support Services:			
Fundraising	94,847	-	94,847
Management and General	97,683	-	97,683
Total Support Services	192,530	-	192,530
Total Expenses	839,441	-	839,441
CHANGE IN NET ASSETS	1,289	9,970	11,259
Net Assets - Beginning of Year	156,476	131,232	287,708
NET ASSETS - END OF YEAR	<u>\$ 157,765</u>	<u>\$ 141,202</u>	<u>\$ 298,967</u>

See accompanying Notes to Financial Statements.

UNITED WAY OF DOUGLAS & POPE COUNTIES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services		Support Services		
	Community Impact	Allocations and Agency Relations	Fundraising	Management and General	Total
Agency Allocations	\$ -	\$ 236,562	\$ -	\$ -	\$ 236,562
Community Impact Program Expenses	196,535	-	-	-	196,535
Board and Staff Development	505	168	84	84	841
Salaries and Payroll Taxes	78,455	12,259	66,197	88,263	245,174
Telephone	1,191	421	92	128	1,832
Printing	3,114	983	1,202	164	5,463
Supplies	1,749	777	583	130	3,239
Postage and Shipping	297	32	59	8	396
Professional Fees	26,532	-	-	5,824	32,356
Dues and Subscriptions	1,346	612	-	490	2,448
United Way of America Dues	2,111	2,113	2,113	2,113	8,450
Insurance	3,756	1,155	1,155	1,155	7,221
Depreciation	2,703	159	159	159	3,180
Occupancy	14,644	2,525	4,545	3,535	25,249
Travel	1,490	106	425	106	2,127
Special Events	-	-	26,281	-	26,281
Bank and Credit Card Fees	-	-	-	2,049	2,049
Advertising	11,431	6,859	4,573	-	22,863
Repairs and Maintenance	155	-	77	77	309
Miscellaneous	928	-	464	462	1,854
Licenses	-	-	512	513	1,025
Total Functional Expenses	\$ 346,942	\$ 264,731	\$ 108,521	\$ 105,260	\$ 825,454

See accompanying Notes to Financial Statements.

UNITED WAY OF DOUGLAS & POPE COUNTIES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	Program Services		Support Services		
	Community Impact	Allocations and Agency Relations	Fundraising	Management and General	Total
Agency Allocations	\$ -	\$ 271,929	\$ -	\$ -	\$ 271,929
Community Impact Program Expenses	195,274	-	-	-	195,274
Board and Staff Development	3,034	1,011	506	506	5,057
Salaries and Payroll Taxes	70,703	11,047	59,656	79,541	220,947
Telephone	1,100	390	85	119	1,694
Printing	2,179	688	841	115	3,823
Supplies	3,704	1,646	1,235	274	6,859
Postage and Shipping	349	37	70	9	465
Professional Fees	28,330	-	-	6,219	34,549
Dues and Subscriptions	1,180	537	-	429	2,146
United Way of America Dues	2,040	2,039	2,039	2,039	8,157
Insurance	3,434	1,056	1,056	1,056	6,602
Depreciation	2,421	143	143	143	2,850
Rent	14,879	2,565	4,618	3,591	25,653
Travel	2,904	208	830	208	4,150
Special Events	-	-	16,824	-	16,824
Bank and Credit Card Fees	-	-	-	1,294	1,294
Advertising	12,006	7,203	4,802	-	24,011
Repairs and Maintenance	645	-	323	323	1,291
Miscellaneous	2,230	-	1,115	1,113	4,458
Licenses	-	-	704	704	1,408
Total Functional Expenses	\$ 346,412	\$ 300,499	\$ 94,847	\$ 97,683	\$ 839,441

See accompanying Notes to Financial Statements.

UNITED WAY OF DOUGLAS & POPE COUNTIES
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Collected:		
Cash Received from Annual Campaign	\$ 846,179	\$ 759,542
Cash Received from Investment Income	1,010	1,088
Cash Payments:		
Cash Paid to Allocations	(273,493)	(295,022)
Cash Paid to Community Impact	(132,516)	(130,735)
Cash Paid to Special Events	(26,281)	(16,824)
Cash Paid to Employees, Occupancy, and Supplies	<u>(362,715)</u>	<u>(317,027)</u>
Net Cash Provided by Operating Activities	52,184	1,022
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	<u>(22,219)</u>	-
Net Cash Used by Investing Activities	(22,219)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on Note Payable	<u>48,000</u>	-
Net Cash Provided by Financing Activities	<u>48,000</u>	-
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	77,965	1,022
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>411,217</u>	<u>410,195</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u><u>\$ 489,182</u></u>	<u><u>\$ 411,217</u></u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in Net Assets	\$ 62,941	\$ 11,259
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Change in Allowance for Promises to Give	5,000	-
Depreciation	3,180	2,850
Unrealized Gain on Investments	(3,952)	(3,886)
(Increase) Decrease in Current Assets:		
Pledges Receivable, Net	41,065	(1,107)
Prepaid Expenses	-	1,833
Accounts Receivable	(3,900)	(6,138)
Inventory	(3,511)	(780)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	9,925	(1,523)
Accrued Liabilities	208	1,292
Allocations Payable	(36,931)	(23,093)
Fiscal Accounts	(8,996)	13,420
Donor Designations Payable	<u>(12,845)</u>	<u>6,895</u>
Net Cash Provided by Operating Activities	<u><u>\$ 52,184</u></u>	<u><u>\$ 1,022</u></u>
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH PER THE CASH FLOW STATEMENT TO CASH PER THE BALANCE SHEET		
Cash and Cash Equivalents	\$ 478,474	\$ 400,734
Certificates of Deposit	10,708	10,483
Cash and Cash Equivalents - Per Cash Flow Statement	<u><u>\$ 489,182</u></u>	<u><u>\$ 411,217</u></u>

See accompanying Notes to Financial Statements.

UNITED WAY OF DOUGLAS & POPE COUNTIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity

United Way of Douglas & Pope Counties (the Organization) is a nonprofit organization which conducts annual campaigns to raise contributions from the general public for allocations to participating and nonparticipating agencies. The Organization also pulls different resources together from the community to address the most pressing needs of those in the community. Its mission is mobilizing Douglas & Pope County resources to create sustained changes in community conditions to improve lives.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Organization follows the Statements of Financial Accounting Standards, *Financial Statements of Not-For-Profit Organizations*. Under those provisions, net assets and revenues, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein, are classified and reported as follows:

Net Assets Without Donor Restrictions – Resources over which the board of directors has discretionary control. Designated amounts represent those revenues which the board has set aside for a particular purpose.

Net Assets With Donor Restrictions – Those resources subject to a donor-imposed restriction. 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed into service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Estimates also affect the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

UNITED WAY OF DOUGLAS & POPE COUNTIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents include short-term investments with original maturities of three months or less. Cash and cash equivalents at June 30, 2020 and 2019 consist of the following:

	2020	2019
Cash in Checking	\$ 270,518	\$ 193,403
Cash in Savings and Money Market	207,956	207,331
Total Cash and Cash Equivalents	<u>\$ 478,474</u>	<u>\$ 400,734</u>

The Organization maintains its cash balances at local financial institutions. Cash accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. At times, cash balances may be in excess of the FDIC insured amount. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on its cash accounts.

Certificates of Deposit

Certificates of deposit are recorded at cost which approximates fair market value.

Equipment

Equipment purchases equal or greater than \$1,000 are capitalized and are recorded at cost, or if the item was donated, at estimated fair value. Equipment purchases not capitalized are expensed. Depreciation is computed using the straight-line method at rates based on estimated useful lives of 5 to 7 years.

Total depreciation expense for the years ended June 30, 2020 and 2019 was \$3,180 and \$2,850, respectively.

Pledges Receivable

Unconditional promises to give, less an uncollectible allowance of \$24,000 for both June 30, 2020 and 2019, are recognized as assets and revenues in the period in which the pledges are made. Pledges receivable are normally expected to be collected within one year and are uncollateralized.

Donor Designations Payable

Donor organizations and individuals participating in the United Way of Douglas & Pope Counties' campaign may choose to designate all or part of their contribution to be distributed to specific charitable organizations. The funds are recorded as a liability when received and a reduction of the liability when expended.

UNITED WAY OF DOUGLAS & POPE COUNTIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

Inventory consists of items on hand including coats, toys, and school supplies. These items are valued at cost or at fair market value if donated.

Income Tax

United Way of Douglas & Pope Counties qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, no expense has been recognized for income taxes in the accompanying financial statements. The Organization is not a private foundation and contributions to the Organization qualify as charitable deductions by the contributor.

The Organization follows the income tax standard for uncertain tax positions. The Organization evaluated its tax positions and determined it has no uncertain tax positions as of June 30, 2020 and 2019.

Revenue and Support

Substantially all contributions received from the public are a direct result of fundraising efforts. All contributions are considered to be without donor restrictions at the time received unless specifically restricted by the donor.

Revenue is recognized as the performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided and the Organization does not believe they are required to provide additional goods or services to the client.

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets.

Donated Services

The Organization recognized contribution revenue for contributed services related to their management and general expenses. Contribution revenue from services was measured based on the fair value of those services, and the amounts recognized were as follows for the years ending June 30, 2020 and 2019:

	2020	2019
Audit Services	\$ 11,400	\$ 11,400
Advertising	3,000	2,000
Other Services	1,000	1,000
Total Donated Services	<u>\$ 15,400</u>	<u>\$ 14,400</u>

In addition, over 3,413 and 5,352 volunteer hours were provided to the Organization for their program services during the years ended June 30, 2020 and 2019, respectively, for which no value has been assigned because those services do not meet the criteria for recognition in the financial statements.

UNITED WAY OF DOUGLAS & POPE COUNTIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The Organization allocated its expenses on a functional basis among its programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure; other expenses are allocated based on an analysis of personnel time and space utilized for the related activities.

Advertising Costs

The Organization conducts nondirect response advertising. These costs are expensed as incurred. Advertising costs for the years ended June 30, 2020 and 2019 are \$22,863 and \$24,011, respectively.

In-Kind Contributions

Contributed items are recorded at fair value at the date of donation. In-kind contributions received consisted of the following for the years ended June 30, 2020 and 2019:

	2020	2019
Coats and Boots	\$ 23,510	\$ 15,015
Food	21,465	25,273
School Supplies	2,303	5,156
Silent Auction Items	14,660	11,070
Toys	-	8,025
Other	2,081	-
Total In-Kind Donations	<u>\$ 64,019</u>	<u>\$ 64,539</u>

Designation Processing and Standard M Compliance

United Way of Douglas & Pope Counties follows Standard M, issued by United Way Worldwide in 2004 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 Way chapters.

Endowment Fund

The Organization has funds invested with West Central Initiative, a nonprofit agency that specializes in assisting local communities with development and economic growth. The fund was originally set up by the board for contributions by individuals to create sustained changes in community conditions to improve lives.

This fund is reported at fair value based upon quoted market rates in the statements of financial position. Unrealized gains and losses reflect changes in market values of investments from the prior year and are included in the statements of activities. Investment income and gains and losses on investments are reported as increases or decreases in net assets with or without donor restrictions. The Organization's risk with respect to such investment is limited to its capital balance in the fund.

UNITED WAY OF DOUGLAS & POPE COUNTIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). Subsequent to May 2014, the FASB has issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

The financial statements reflect the application of ASC 606 guidance beginning in fiscal year 2019. No cumulative-effect adjustment in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the Organization's reported historical revenue.

Additionally, ASU 2018-08 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) transaction subject to other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning July 1, 2019. The new guidance does not require prior period results to be restated.

In November 2016, FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230) Restricted Cash*. This ASU was issued to clarify guidance on the classification and presentation of restricted cash in the statement of cash flows and reduce diversity in practice.

The amendments of this ASU require that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and restricted cash or restricted cash equivalents. Therefore, restricted cash and restricted cash equivalents are included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statements of cash flows. The financial statements reflect the application of ASU 2016-18 using a retrospective approach to each period presented.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 15, 2020, the date the financial statements were available to be issued.

Grants

Grant funds are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. Funds received but not yet earned are shown as deferred revenue.

UNITED WAY OF DOUGLAS & POPE COUNTIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 LIQUIDITY AND AVAILABILITY

In order to be good stewards of donor dollars, the Organization regularly monitors the availability of resources required to meet its operating needs and other 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 activities of agency grants and internal programs, as well as the conduct of services undertaken to support those activities to be general expenditures.

The Organization also receives contributions with donor restrictions to be used in accordance with the associated designations. It also receives gifts to establish endowments that will exist in perpetuity. Endowment gifts are intended to be kept and invested to generate an additional revenue stream and in-turn creates a sustainable income for the Organization. The Endowment Fund is set up to grow and produce earnings that are used to help future generations in Douglas and Pope Counties.

The Organization considers investment income without donor restrictions for use in current programs, agency grants, and annual operations to be available to meet cash needs for general expenditures. General expenditures include community impact, allocations and agency relations, fundraising, and management and general.

The Organization's Citizen Review Panel, followed by the program committee, along with the board of directors, meets annually to review and approve grant requests. The board of directors approves a final recommendation for grant allocations.

The Organization's governing board has designated a portion of its resources without donor restrictions for endowment and a reserve fund. The reserve fund is an emergency fund used as a contingency. It will remain between 10% to 15% of the final campaign. Its purpose is to have funds available to help agencies in need in the event of a disaster to have funds available to start up the next campaign and to make sure we have enough funds to staff and operate the office.

The Organization has the following sources of liquidity at its disposal, including cash and cash equivalents, and certificates of deposit. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor restricted resources.

UNITED WAY OF DOUGLAS & POPE COUNTIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

At June 30, 2020 and 2019, the Organization's financial resources were earmarked as follows:

	2020	2019
Cash and Cash Equivalents	\$ 478,474	\$ 400,734
Certificates of Deposit	10,708	10,483
Accounts Receivable	18,400	14,500
Pledges Receivable, Net	135,309	181,374
Total Financial Assets	<u>\$ 642,891</u>	<u>\$ 607,091</u>
Less Amounts Not Available Due to Restrictions:		
Net Assets With Donor Restrictions	\$ 198,073	\$ 141,202
Board Designated Funds	119,268	116,170
Fiscal Accounts	68,583	77,579
Donor Designations Payable	7,883	20,728
Total Financial Assets With Restrictions	<u>\$ 393,807</u>	<u>\$ 355,679</u>
Total Available Financial Assets	<u>\$ 249,084</u>	<u>\$ 251,412</u>

NOTE 3 RISKS AND UNCERTAINTIES

On March 11, 2020, 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 are still developing.

In response to COVID-19, on April 4, 2020, the Organization received a loan from BlackRidge Bank in the amount of \$48,000 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the "PPP Loan"). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. 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 for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. 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 DOUGLAS & POPE COUNTIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are as follows:

	2020	2019
Backpack Attack - Douglas	\$ 42,040	\$ 16,551
Backpack Attack - Osakis	7,878	6,126
Backpack Attack - Pope	23,581	20,895
Coats and Mittens	1,251	1,151
Community Impact Partnership	5,000	5,000
Culture of Poverty	1,764	1,764
Day of Caring	943	943
Equip to Work	17,535	11,035
Dolly Parton - Grant/Ottertail	14,167	14,167
Dolly Parton - Todd	2,364	2,364
Education Initiative - Daycare	513	513
Emergency Fund	10,272	10,272
General Community Impact Fund	-	1,497
Half Pint Milk	539	1,787
Heat a Home	172	172
Leave a Legacy	1,179	1,179
Mobile Food Drop - Douglas County	26,461	7,845
Mobile Food Drop - Long Prairie	4,217	3,826
Mobile Food Drop - Pope County	7,615	2,922
Power of Women	3,258	4,116
Stuff the Bus	1,782	1,907
Toys for Tots	3,266	3,616
Traveling Tree House	9,396	9,528
Earnings on Endowment	2,880	2,026
Endowment Restricted in Perpetuity	10,000	10,000
Total Net Assets With Donor Restrictions	<u>\$ 198,073</u>	<u>\$ 141,202</u>

NOTE 5 NET ASSETS RELEASED FROM RESTRICTION

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or time specified by the donors as follows for the years ended June 30, 2020 and 2019:

	2020	2019
Purpose Restrictions	\$ 164,969	\$ 149,033
Total Released Net Assets With Donor Restrictions	<u>\$ 164,969</u>	<u>\$ 149,033</u>

UNITED WAY OF DOUGLAS & POPE COUNTIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 6 BOARD-DESIGNATED NET ASSETS

The board has an emergency fund established, which is to be used as a cushion to have funds available to help agencies in need in the event of a disaster, to start up the next campaign, and to make sure the Organization has enough funds to staff and operate the office. These funds are maintained in a separate bank account. For both the years ended June 30, 2020 and 2019, the balance was \$76,500. Also, included in the board-designated funds as of June 30, 2020 and 2019 is a portion of the endowment fund, which totaled \$42,768 and \$39,670, respectively. The endowment fund is maintained with West Central Initiative to be used in accordance with the Organization's tax-exempt purpose.

NOTE 7 OPERATING LEASES

On January 15, 2013, the Organization entered into a lease agreement for their relocated office in Alexandria, Minnesota for a 10-year term commencing April 1, 2013 and terminating March 31, 2023. Under the terms of this new lease, monthly lease payments of \$1,833 are required for the period from April 1, 2013 through March 31, 2018, and monthly lease payments of \$1,917 are required for the period from April 1, 2018 through March 31, 2023. The Organization pays for its own garbage removal, telephone, and internet services, and the landlord pays for all other costs including utilities and property taxes.

Rent expense for the years ended June 30, 2020 and 2019 was \$24,504 and \$24,204, respectively. Future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 23,004
2022	23,004
2023	17,253
Total	<u>\$ 63,261</u>

The Organization entered into an operating lease agreement for a copier on January 1, 2016. This lease agreement requires monthly payments of \$343 for 60 months. In addition, on April 6, 2020, the Organization entered into a new operating lease for a copier. Upon signing of this new lease, the old copier lease that was effective January 1, 2016, was terminated. This new lease agreement requires monthly payments of \$349 for 60 months. Future minimum lease obligations are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 4,188
2022	4,188
2023	4,188
2024	4,188
2025	3,141
Total	<u>\$ 19,893</u>

UNITED WAY OF DOUGLAS & POPE COUNTIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 8 FAIR VALUE MEASUREMENTS

The Organization categorizes its assets and liabilities measured at fair value into a three level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation technique as follows:

Level 1 – Quoted prices in active markets for identical assets.

Level 2 – Significant other observable inputs in less active markets for assets.

Level 3 – Significant unobservable inputs.

The Organization's investments at fair value, which is solely comprised of mutual funds held by the West Central Initiative Fund, as of June 30, 2020 and 2019:

		2020			
		Level 1	Level 2	Level 3	Total
Mutual Funds		<u>\$ 55,648</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,648</u>
		2019			
		Level 1	Level 2	Level 3	Total
Mutual Funds		<u>\$ 51,696</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,696</u>

NOTE 9 ENDOWMENT FUND

During fiscal year 2020, the Organization's endowment fund consists of one fund established with West Central Initiative, which was established to use funds in accordance with the United Way of Douglas and Pope Counties' tax-exempt purpose.

Endowment net assets composition by type of fund as of June 30, 2020 and 2019, is as follows:

		2020		
		Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Fund		<u>\$ 42,768</u>	<u>\$ 12,880</u>	<u>\$ 55,648</u>
		2019		
		Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Fund		<u>\$ 39,670</u>	<u>\$ 12,026</u>	<u>\$ 51,696</u>

UNITED WAY OF DOUGLAS & POPE COUNTIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 9 ENDOWMENT FUND (CONTINUED)

Changes in endowment net assets for the fiscal years ended June 30, 2020 and 2019, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, July 1, 2018	\$ 36,536	\$ 11,274	\$ 47,810
Unrealized Gain on Endowment	3,134	752	3,886
Endowment Net Assets, June 30, 2019	<u>\$ 39,670</u>	<u>\$ 12,026</u>	<u>\$ 51,696</u>
Endowment Net Assets, July 1, 2019	\$ 39,670	\$ 12,026	\$ 51,696
Unrealized Gain on Endowment	3,098	854	3,952
Endowment Net Assets, June 30, 2020	<u>\$ 42,768</u>	<u>\$ 12,880</u>	<u>\$ 55,648</u>

Investment Objectives and Strategies

As approved by the board, the Organization's endowment funds are invested in a Vanguard Balanced Income and Asset Growth investment strategy held and managed by West Central Initiative according to their investment policies. The Organization has selected an investment strategy with West Central Initiative with the objective to provide a consistent investment return on assets, preserve capital, and the purchasing power of the endowment assets, while providing a funding stream to support endowment programs. The Organization reviews the investment strategies offered by West Central Initiative on an annual basis. Distributions of endowment funds are subject to approval by the board. Distributions of endowment funds with restricted use are made in accordance with the terms of the gift instrument.

Distributions from the endowment will commence once the portfolio has achieved a balance of \$100,000. Upon achieving the minimum balance of \$100,000, 5% of a rolling three-year quarterly average market value of the Endowment's assets will be reviewed prior to withdrawal annually and used towards general operations of the Organization.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

UNITED WAY OF DOUGLAS & POPE COUNTIES
SCHEDULES OF NET FUNDS DISTRIBUTED
YEARS ENDED JUNE 30, 2020 AND 2019
(SEE INDEPENDENT AUDITORS' REPORT)

	2020	2019
AGENCY ALLOCATIONS		
Alexandria Family School	\$ 21,000	\$ 10,000
Alexandria Literacy Project	-	5,600
Boy Scouts of America - Northern Lights Council	1,111	2,100
Brandon Evansville Early Childhood Family Education	3,000	4,000
Catholic Charities Foster Grandparent Program - Douglas	-	2,800
Catholic Charities Foster Grandparent Program - Pope	-	1,400
Community Education - Mentoring Program	-	6,000
Community Education - Summer Club	-	1,162
Elder Network	9,875	10,800
Girl Scouts of Minnesota and Wisconsin	2,122	2,100
Junior Achievement	-	2,000
Lakes Area Recreation	-	7,200
Legal Services of NorthWest Minnesota	16,700	16,000
Life Connections	4,935	-
Lutheran Social Services - Counseling	17,975	18,000
Lutheran Social Services - In Home Family	8,000	8,400
Lutheran Social Services - Parenting	6,400	7,000
Minnewaska Early Childhood Family Education	7,974	8,000
Miracle Horse Riders	-	4,000
North Country Food Bank - Douglas	29,000	25,000
North Country Food Bank - Pope	8,000	6,000
Osakis Early Childhood Family Education	-	2,100
Salvation Army of Douglas County	-	7,000
Salvation Army of Pope County	-	2,100
Discovery Middle School - Study Skills	9,000	9,100
Alexandria Public Schools - SLAM	-	2,200
Someplace Safe - Domestic Violence and Sexual Assault - Douglas	19,020	18,000
Someplace Safe - Domestic Violence and Sexual Assault - Pope	6,000	6,000
Someplace Safe - Parenting - Pope	6,000	6,000
UCAN	500	500
Village Family Service Center - Counseling	19,000	19,000
Windmill Project - Douglas	-	5,600
WCMCA - Plus Kids	20,000	23,331
WCMCA - Launch Pad Program	-	10,000
WCMCA - Transitional Housing	15,000	15,000
YMCA	5,950	-
	<hr/>	<hr/>
Total Agency Allocations	<u>\$ 236,562</u>	<u>\$ 273,493</u>

UNITED WAY OF DOUGLAS & POPE COUNTIES
SCHEDULE OF NET ASSETS WITH DONOR RESTRICTIONS
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

Community Impact Program	June 30, 2019	Contributions with Donor Restrictions	Earnings with Donor Restrictions	Transfers In/(Out)	Funded by Contributions Without Donor Restrictions	Fixed Asset Additions	Program Expenses	Released from Restriction	June 30, 2020
Backpack Attack - Douglas	\$ 16,551	\$ 68,760	\$ -	\$ -	\$ -	\$ -	\$ 43,271	\$ 43,271	\$ 42,040
Backpack Attack - Osakis	6,126	9,887	-	-	-	-	8,135	8,135	7,878
Backpack Attack - Pope	20,895	10,882	-	-	-	-	8,196	8,196	23,581
Coats & Mittens	1,151	100	-	-	-	-	-	-	1,251
Community Impact Partnership	5,000	5,000	-	(5,000)	-	-	-	-	5,000
Culture of Poverty	1,764	-	-	-	-	-	-	-	1,764
Day of Caring	943	-	-	-	-	-	-	-	943
Equip to Work	11,035	20,000	-	-	-	-	13,500	13,500	17,535
Dolly Parton - Douglas	-	916	-	-	5,343	-	6,259	916	-
Dolly Parton - Grant/Ottertail	14,167	-	-	-	-	-	-	-	14,167
Dolly Parton - Pope	-	26	-	-	646	-	672	26	-
Dolly Parton - Todd	2,364	-	-	(1,528)	-	-	-	-	2,364
Education Initiative - Daycare	513	-	-	-	-	-	-	-	513
Emergency Fund	10,272	-	-	-	-	-	-	-	10,272
General Community Impact Fund	1,497	-	-	-	579	-	2,076	1,497	-
Half Pint Milk	1,787	-	-	-	-	-	1,248	1,248	539
Heat a Home	172	-	-	-	-	-	-	-	172
Leave a Legacy	1,179	-	-	-	-	-	-	-	1,179
Mobile Food Drop - Douglas	7,845	41,447	-	5,000	-	-	27,831	27,831	26,461
Mobile Food Drop - Pope	2,922	21,456	-	-	-	-	16,763	16,763	7,615
Mobile Food Drop - Long Prairie	3,826	2,620	-	1,528	-	-	2,229	2,229	4,217
Power of Women	4,116	3,525	-	-	-	-	4,383	4,383	3,258
Stuff the Bus	1,907	890	-	-	-	-	1,015	1,015	1,782
Toys for Tots	3,616	4,307	-	-	-	-	4,657	4,657	3,266
Traveling Tree House	9,528	31,170	-	-	-	21,040	10,262	31,302	9,396
Earnings on Endowment	2,026	-	854	-	-	-	-	-	2,880
Endowment Restricted in Perpetuity	10,000	-	-	-	-	-	-	-	10,000
Total	\$ 141,202	\$ 220,986	\$ 854	\$ -	\$ 6,568	\$ 21,040	\$ 150,497	\$ 164,969	\$ 198,073