

UNITED WAY OF DOUGLAS & POPE COUNTIES

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2021 AND 2020



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**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, 2021 and 2020, 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, 2021 and 2020, 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.



CliftonLarsonAllen LLP

Monticello, Minnesota
September 21, 2021

UNITED WAY OF DOUGLAS & POPE COUNTIES
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 384,288	\$ 478,474
Certificates of Deposit	11,007	10,708
Pledges Receivable, Net	159,531	135,309
Accounts Receivable	2,500	18,400
Inventory	18,686	19,159
Total Current Assets	576,012	662,050
EQUIPMENT		
Equipment	69,824	69,824
Less: Accumulated Depreciation	(48,786)	(42,326)
Total Equipment	21,038	27,498
OTHER ASSETS		
Endowment Fund	69,533	55,648
Total Assets	\$ 666,583	\$ 745,196
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 676	\$ 11,327
Accrued Liabilities	6,903	10,933
Allocations Payable	218,905	236,562
Fiscal Accounts	45,794	68,583
Donor Designations Payable	7,266	7,883
Note Payable	-	48,000
Total Current Liabilities	279,544	383,288
NET ASSETS		
Without Donor Restrictions:		
Board Designated	130,581	119,268
Undesignated	75,535	44,567
Total Net Assets Without Donor Restrictions	206,116	163,835
With Donor Restrictions	180,923	198,073
Total Net Assets	387,039	361,908
Total Liabilities and Net Assets	\$ 666,583	\$ 745,196

See accompanying Notes to Financial Statements.

UNITED WAY OF DOUGLAS & POPE COUNTIES
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Gross Campaign Results 2020/2021	\$ 540,636	\$ 138,476	\$ 679,112
Less: Donor Designations	(7,266)	-	(7,266)
Less: Uncollectible Pledges	(15,778)	-	(15,778)
Net Campaign Revenue 2020/2021	517,592	138,476	656,068
In-Kind Donations	45,805	-	45,805
Donated Services	16,028	-	16,028
Special Events	50,322	-	50,322
Interest Income	938	-	938
Fee Income	2,728	-	2,728
Unrealized Gain on Endowment	11,313	2,572	13,885
Forgiveness of Note Payable	48,000	-	48,000
Net Assets Released from Restrictions	158,198	(158,198)	-
Total Revenue and Support	850,924	(17,150)	833,774
EXPENSES			
Program Services:			
Agency Allocations	246,171	-	246,171
Less: Donor Designations	(7,266)	-	(7,266)
Net Agency Allocations	238,905	-	238,905
Other Allocations and Agency Relations	33,481	-	33,481
Total Allocations and Agency Relations	272,386	-	272,386
Community Impact	355,581	-	355,581
Total Program Services	627,967	-	627,967
Support Services:			
Fundraising	116,624	-	116,624
Management and General	64,052	-	64,052
Total Support Services	180,676	-	180,676
Total Expenses	808,643	-	808,643
CHANGE IN NET ASSETS	42,281	(17,150)	25,131
Net Assets - Beginning of Year	163,835	198,073	361,908
NET ASSETS - END OF YEAR	\$ 206,116	\$ 180,923	\$ 387,039

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 FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services		Support Services		Total
	Community Impact	Allocations and Agency Relations	Fundraising	Management and General	
Agency Allocations	\$ -	\$ 238,905	\$ -	\$ -	\$ 238,905
Community Impact Program Expenses	191,653	-	-	-	191,653
Board and Staff Development	440	147	73	73	733
Salaries and Payroll Taxes	92,045	16,521	80,245	47,203	236,014
Telephone	1,605	568	124	173	2,470
Printing	2,225	702	858	117	3,902
Supplies	3,145	1,398	1,049	233	5,825
Postage and Shipping	363	39	73	10	485
Professional Fees	23,328	-	-	5,121	28,449
Dues and Subscriptions	1,729	786	-	629	3,144
United Way of America Dues	3,303	3,302	3,302	3,302	13,209
Insurance	4,711	1,449	1,449	1,449	9,058
Depreciation	5,491	323	323	323	6,460
Occupancy	15,906	2,743	4,937	3,840	27,426
Travel	129	9	37	9	184
Special Events	-	-	19,544	-	19,544
Bank and Credit Card Fees	-	-	-	624	624
Advertising	9,156	5,494	3,663	-	18,313
Miscellaneous	352	-	175	173	700
Licenses	-	-	772	773	1,545
Total Functional Expenses	<u>\$ 355,581</u>	<u>\$ 272,386</u>	<u>\$ 116,624</u>	<u>\$ 64,052</u>	<u>\$ 808,643</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		Total
	Community Impact	Allocations and Agency Relations	Fundraising	Management and General	
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
Rent	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	<u>\$ 346,942</u>	<u>\$ 264,731</u>	<u>\$ 108,521</u>	<u>\$ 105,260</u>	<u>\$ 825,454</u>

See accompanying Notes to Financial Statements.

UNITED WAY OF DOUGLAS & POPE COUNTIES
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Collected:		
Cash Received from Annual Campaign	\$ 700,796	\$ 846,179
Cash Received from Investment Income	938	1,010
Cash Received from Forgiveness of Note Payable	48,000	-
Cash Payments:		
Cash Paid to Allocations	(256,562)	(273,493)
Cash Paid to Community Impact	(145,848)	(132,516)
Cash Paid to Special Events	(19,544)	(26,281)
Cash Paid to Employees, Occupancy, and Supplies	(421,667)	(362,715)
Net Cash Provided (Used) by Operating Activities	(93,887)	52,184
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-	(22,219)
Net Cash Used by Investing Activities	-	(22,219)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on Note Payable	-	48,000
Net Cash Provided by Financing Activities	-	48,000
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(93,887)	77,965
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	489,182	411,217
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 395,295	\$ 489,182
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in Net Assets	\$ 25,131	\$ 62,941
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Change in Allowance for Promises to Give	(3,929)	5,000
Depreciation	6,460	3,180
Unrealized Gain on Investments	(13,885)	(3,952)
Forgiveness of Note Payable	(48,000)	-
(Increase) Decrease in Current Assets:		
Pledges Receivable, Net	(20,293)	41,065
Accounts Receivable	15,900	(3,900)
Inventory	473	(3,511)
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(10,651)	9,925
Accrued Liabilities	(4,030)	208
Allocations Payable	(17,657)	(36,931)
Fiscal Accounts	(22,789)	(8,996)
Donor Designations Payable	(617)	(12,845)
Net Cash Provided (Used) by Operating Activities	\$ (93,887)	\$ 52,184
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH PER THE CASH FLOW STATEMENT TO CASH PER THE STATEMENT OF FINANCIAL POSITION		
Cash and Cash Equivalents	\$ 384,288	\$ 478,474
Certificates of Deposit	11,007	10,708
Cash and Cash Equivalents - Per Cash Flow Statement	\$ 395,295	\$ 489,182

See accompanying Notes to Financial Statements.

UNITED WAY OF DOUGLAS & POPE COUNTIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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, 2021 AND 2020

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, 2021 and 2020 consist of the following:

	2021	2020
Cash in Checking	\$ 170,880	\$ 270,518
Cash in Savings and Money Market	213,408	207,956
Total Cash and Cash Equivalents	\$ 384,288	\$ 478,474

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, 2021 and 2020 was \$6,460 and \$3,180, respectively.

Pledges Receivable

Unconditional promises to give, less an uncollectible allowance of \$28,029 and \$24,100 for the years ended June 30, 2021 and 2020, respectively, 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, 2021 AND 2020**

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, 2021 and 2020.

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, 2021 and 2020:

	2021	2020
Audit Services	\$ 9,800	\$ 11,400
Advertising	2,928	3,000
Other Services	3,300	1,000
Total Donated Services	\$ 16,028	\$ 15,400

In addition, over 1,533 and 3,413 volunteer hours were provided to the Organization for their program services during the years ended June 30, 2021 and 2020, 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, 2021 AND 2020**

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, 2021 and 2020 are \$18,313 and \$22,863, 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, 2021 and 2020:

	2021	2020
Coats and Boots	\$ 11,263	\$ 23,510
Food	16,500	21,465
School Supplies	6,841	2,303
Silent Auction Items	10,146	14,660
Other	1,055	2,081
Total In-Kind Donations	\$ 45,805	\$ 64,019

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, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 21, 2021, 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.

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.

UNITED WAY OF DOUGLAS & POPE COUNTIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

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.

At June 30, 2021 and 2020, the Organization's financial resources were earmarked as follows:

	2021	2020
Cash and Cash Equivalents	\$ 384,288	\$ 478,474
Certificates of Deposit	11,007	10,708
Accounts Receivable	2,500	18,400
Pledges Receivable, Net	159,531	135,309
Endowment Fund	69,533	55,648
Total Financial Assets	<u>\$ 626,859</u>	<u>\$ 698,539</u>
Less Amounts Not Available Due to Restrictions:		
Net Assets With Donor Restrictions	\$ 180,923	\$ 198,073
Board Designated Funds	130,581	119,268
Fiscal Accounts	45,794	68,583
Donor Designations Payable	7,266	7,883
Total Financial Assets With Restrictions	<u>\$ 364,564</u>	<u>\$ 393,807</u>
Total Available Financial Assets	<u>\$ 262,295</u>	<u>\$ 304,732</u>

NOTE 3 RISKS AND UNCERTAINTIES

During the year ended June 30, 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 2022 operations and financial results. 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.

The Organization followed *ASC 470, Debt*, to account for the initial receipts related to its Paycheck Protection Program Loan (the PPP Loan). On November 24, 2020, the SBA processed the Organization's PPP Loan forgiveness application and notified First Western Bank & Trust that the PPP Loan qualified for full forgiveness. Loan proceeds were received by the bank from the SBA on this date. Therefore, the Organization was legally released from the debt and the loan forgiveness has been recorded as a gain on extinguishment of debt, which is included in revenue during the year ended June 30, 2021.

UNITED WAY OF DOUGLAS & POPE COUNTIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 3 RISKS AND UNCERTAINTIES (CONTINUED)

The SBA may review funding eligibility and usage of funds for compliance with program requirements 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.

NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are as follows:

	2021	2020
Backpack Attack - Douglas	\$ 34,106	\$ 42,040
Backpack Attack - Osakis	10,579	7,878
Backpack Attack - Pope	22,839	23,581
Coats and Mittens	1,393	1,251
Community Impact Partnership	11,000	5,000
Culture of Poverty	564	1,764
Day of Caring	3,165	943
Equip to Work	17,535	17,535
Dolly Parton - Douglas	93	-
Dolly Parton - Grant/Ottertail	-	14,167
Dolly Parton - Todd	2,364	2,364
Education Initiative - Daycare	-	513
Emergency Fund	-	10,272
Half Pint Milk	-	539
Heat a Home	-	172
Leave a Legacy	1,179	1,179
Food Drop - Douglas County	30,751	26,461
Food Drop - Long Prairie	6,672	4,217
Food Drop - Pope County	3,867	7,615
Women United	3,852	3,258
Stuff the Bus	618	1,782
Holiday Gift Distribution	1,602	3,266
Traveling Tree House	13,292	9,396
Earnings on Endowment	5,452	2,880
Endowment Restricted in Perpetuity	10,000	10,000
Total Net Assets With Donor Restrictions	<u>\$ 180,923</u>	<u>\$ 198,073</u>

UNITED WAY OF DOUGLAS & POPE COUNTIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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, 2021 and 2020:

	2021	2020
Purpose Restrictions	\$ 158,198	\$ 164,969
Total Released Net Assets With Donor Restrictions	\$ 158,198	\$ 164,969

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, 2021 and 2020, the balance was \$76,500. Also, included in the board-designated funds as of June 30, 2021 and 2020 is a portion of the endowment fund, which totaled \$54,081 and \$42,768, 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, 2021 and 2020 was \$23,704 and \$24,504, respectively. Future minimum lease payments are as follows:

Year Ending June 30,	Amount
2022	\$ 23,004
2023	17,253
Total	\$ 40,257

UNITED WAY OF DOUGLAS & POPE COUNTIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 7 OPERATING LEASES (CONTINUED)

The Organization entered into an operating lease agreement for a copier on April 6, 2020. This lease agreement requires monthly payments of \$349 for 60 months. Future minimum lease obligations are as follows:

Year Ending June 30,	Amount
2022	\$ 4,188
2023	4,188
2024	4,188
2025	3,141
Total	\$ 15,705

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, 2021 and 2020:

	2021			
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 69,533	\$ -	\$ -	\$ 69,533
	2020			
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 55,648	\$ -	\$ -	\$ 55,648

NOTE 9 ENDOWMENT FUND

During the years ended June 30, 2021 and 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.

UNITED WAY OF DOUGLAS & POPE COUNTIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 9 ENDOWMENT FUND (CONTINUED)

Endowment net assets composition by type of fund as of June 30, 2021 and 2020, is as follows:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Fund	\$ 54,081	\$ 15,452	\$ 69,533

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated Endowment Fund	\$ 42,768	\$ 12,880	\$ 55,648

Changes in endowment net assets for the fiscal years ended June 30, 2021 and 2020, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
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>
Endowment Net Assets, July 1, 2020	\$ 42,768	\$ 12,880	\$ 55,648
Unrealized Gain on Endowment	11,313	2,572	13,885
Endowment Net Assets, June 30, 2021	<u>\$ 54,081</u>	<u>\$ 15,452</u>	<u>\$ 69,533</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.

UNITED WAY OF DOUGLAS & POPE COUNTIES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 9 ENDOWMENT FUND (CONTINUED)

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, 2021 AND 2020
(SEE INDEPENDENT AUDITORS' REPORT)

AGENCY ALLOCATIONS	2021	2020
Alexandria Family School	\$ 23,000	\$ 21,000
Alexandria Public Schools	4,000	-
Boy Scouts of America - Northern Lights Council	-	1,111
Brandon Evansville Early Childhood Family Education	350	3,000
Elder Network	8,500	9,875
Garfield Elementary School	4,000	-
Girl Scouts of Minnesota and Wisconsin	-	2,122
Habitat for Humanity - Douglas County	4,000	-
Legal Services of NorthWest Minnesota	17,000	16,700
Life Connections	-	4,935
Lutheran Social Services - Counseling	18,000	17,975
Lutheran Social Services - In Home Family	7,500	8,000
Lutheran Social Services - Parenting	-	6,400
Minnewaska Early Childhood Family Education	8,000	7,974
North Country Food Bank - Douglas	29,950	29,000
North Country Food Bank - Pope	8,000	8,000
Discovery Middle School - Study Skills	-	9,000
Runestone Regional	4,000	-
Safe Families for Children	4,000	-
Someplace Safe - Domestic Violence and Sexual Assault - Douglas	19,855	19,020
Someplace Safe - Domestic Violence and Sexual Assault - Pope	5,750	6,000
Someplace Safe - Parenting - Pope	6,000	6,000
UCAN	-	500
Village Family Service Center - Counseling	19,000	19,000
WCMCA - Plus Kids	16,500	20,000
WCMCA - Launch Pad Program	13,000	-
WCMCA - Transitional Housing	13,000	15,000
YMCA	5,500	5,950
	\$ 238,905	\$ 236,562
Total Agency Allocations	\$ 238,905	\$ 236,562

UNITED WAY OF DOUGLAS & POPE COUNTIES
SCHEDULE OF NET ASSETS WITH DONOR RESTRICTIONS
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

Community Impact Program	June 30, 2020	Contributions with Donor Restrictions	Earnings with Donor Restrictions	Transfers In/(Out)	Funded by Contributions Without Donor Restrictions	Program Expenses	Released from Restriction	June 30, 2021
Backpack Attack - Douglas	\$ 42,040	\$ 33,113	\$ -	\$ -	\$ -	\$ 41,047	\$ 41,047	34,106
Backpack Attack - Osakis	7,878	9,905	-	-	-	7,204	7,204	10,579
Backpack Attack - Pope	23,581	9,489	-	-	-	10,231	10,231	22,839
Coats & Mittens	1,251	142	-	-	-	-	-	1,393
Community Impact Partnership	5,000	6,000	-	-	-	-	-	11,000
Culture of Poverty	1,764	-	-	-	-	1,200	1,200	564
Day of Caring	943	4,500	-	-	-	2,278	2,278	3,165
Equip to Work	17,535	-	-	-	-	-	-	17,535
Dolly Parton - Douglas	-	3,208	-	-	-	3,115	3,115	93
Dolly Parton - Grant/Ottertail	14,167	-	-	-	-	14,167	14,167	-
Dolly Parton - Todd	2,364	-	-	-	-	-	-	2,364
Education Initiative - Daycare	513	-	-	-	-	513	513	-
Emergency Fund	10,272	-	-	-	-	10,272	10,272	-
General Community Impact Fund	-	-	-	-	-	-	-	-
Half Pint Milk	539	-	-	-	-	539	539	-
Heat a Home	172	-	-	-	-	172	172	-
Leave a Legacy	1,179	-	-	-	-	-	-	1,179
Food Drop - Douglas	26,461	36,303	-	-	-	32,013	32,013	30,751
Food Drop - Pope	7,615	17,735	-	-	-	21,483	21,483	3,867
Food Drop - Long Prairie	4,217	2,455	-	-	-	-	-	6,672
Women United	3,258	897	-	-	-	303	303	3,852
Stuff the Bus	1,782	150	-	-	-	1,314	1,314	618
Holiday Gift Distribution	3,266	2,096	-	-	-	3,760	3,760	1,602
Traveling Tree House	9,396	12,483	-	-	-	8,587	8,587	13,292
Earnings on Endowment	2,880	-	2,572	-	-	-	-	5,452
Endowment Restricted in Perpetuity	10,000	-	-	-	-	-	-	10,000
Total	\$ 198,073	\$ 138,476	\$ 2,572	\$ -	\$ -	\$ 158,198	\$ 158,198	\$ 180,923

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