UNITED WAY OF SOUTHWEST MINNESOTA

MARSHALL, MINNESOTA

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

DANA F. COLE & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
TABLE OF CONTENTS

DANA F. COLE & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
United Way of Southwest Minnesota
Marshall, Minnesota

We have audited the accompanying financial statements of United Way of Southwest Minnesota (a nonprofit organization), 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 of 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 Southwest Minnesota 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, for the year ended June 30, 2020, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* and Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* Our opinion is not modified with respect to this matter.

Other Matter

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 21 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.

Dana F. Cole + Company, LLP

Marshall, Minnesota
October 12, 2020

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS

	2020	2019
CURRENT ASSETS		
Cash	354,519	87,899
Investments - short-term	392,491	581,785
Reimbursement receivable	5,000	
Contributions receivable (net of allowance for uncollectible accounts of $20,351 for 2020 and $21,058 for 2019)	106,382	112,511
Prepaid expenses	5,873	7,524
Inventory	210	1,159
Total current assets	864,475	790,878
PROPERTY AND EQUIPMENT, net of accumulated depreciation of $16,611 for 2020 and $13,925 for 2019	2,498	5,184
TOTAL ASSETS	866,973	796,062

LIABILITIES AND NET ASSETS

	2020	2019
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	2,532	2,331
Distributions to charities payable	228,471	227,716
Total current liabilities	231,003	230,047
NET ASSETS		
Net assets without donor restrictions	529,588	453,504
Net assets with donor restrictions		
Restricted by purpose or time	106,382	112,511
Total net assets	635,970	566,015
TOTAL LIABILITIES AND NET ASSETS	866,973	796,062

See accompanying notes to financial statements.

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Net campaign contribution revenue	454,829	106,382	561,211
Satisfaction of restrictions: time	112,511	(112,511)	
Investment income	14,423		14,423
Reimbursements	1,708		1,708
Unclaimed/forfeited funds	2,000		2,000
In-kind contributions	3,165		3,165
Internal program income	6,097		6,097
PPP loan forgiveness	29,100		29,100
Miscellaneous income	100		100
Total revenues and other support	623,933	(6,129)	617,804
EXPENSES			
Program			
Distributions to charities	338,704		338,704
Other program expenses	105,710		105,710
Total program	444,414		444,414
Supporting services			
Management and general	39,942		39,942
Fundraising	63,493		63,493
Total supporting services	103,435		103,435
Total expenses	547,849		547,849
CHANGE IN NET ASSETS	76,084	(6,129)	69,955
NET ASSETS, beginning of year	453,504	112,511	566,015
NET ASSETS, end of year	529,588	106,382	635,970

See accompanying notes to financial statements.

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Net campaign results	522,970	112,511	635,481
Satisfaction of restrictions: time	111,414	(111,414)	
Investment income	8,161		8,161
Reimbursements	8,698		8,698
Unclaimed/forfeited funds	14,375		14,375
In-kind contributions	3,335		3,335
Internal program income	10		10
Miscellaneous income	100		100
Total revenues and other support	669,063	1,097	670,160
EXPENSES			
Program			
Distributions to charities	338,979		338,979
Other program expenses	107,360		107,360
Total program	446,339		446,339
Supporting services			
Management and general	35,338		35,338
Fundraising	70,602		70,602
Total supporting services	105,940		105,940
Total expenses	552,279		552,279
CHANGE IN NET ASSETS	116,784	1,097	117,881
NET ASSETS, beginning of year	336,720	111,414	448,134
NET ASSETS, end of year	453,504	112,511	566,015

See accompanying notes to financial statements.

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	69,955	117,881
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,686	2,889
(Increase) decrease in:		
Reimbursement receivable	(5,000)	
Contributions receivable	6,129	(1,097)
Prepaid expenses	1,651	161
Inventory	949	1,031
Increase (decrease) in:		
Accounts payable and accrued liabilities	201	2,331
Distributions to charities payable	755	(10,869)
Net adjustments	7,371	(5,554)
Net cash provided by operating activities	77,326	112,327
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	203,327	282,466
Purchase of investments	(14,033)	(585,425)
Net cash provided by (used in) investing activities	189,294	(302,959)
NET INCREASE (DECREASE) IN CASH	266,620	(190,632)
CASH, beginning of year	87,899	278,531
CASH, end of year	354,519	87,899

See accompanying notes to financial statements.

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

		Support Services		
	Program Services	Management and General	Fundraising	Total
Distributions to charities	338,704			338,704
Wages and employee expenses	77,409	26,795	44,659	148,863
Promotions			7,262	7,262
Telephone	1,255	339	566	2,160
Rent	13,546	2,066	3,767	19,379
Insurance	1,129	391	651	2,171
Services and professional fees	1,940	5,381	818	8,139
Postage/box rent		227	5	232
Memberships and dues	1,120	387	646	2,153
Payments to affiliates	3,175	1,098	1,832	6,105
Travel/meals/conferences	962	1,621		2,583
Depreciation/maintenance	1,573	545	908	3,026
Supplies	1,166	769	204	2,139
Advertising	300	17		317
Miscellaneous	2,135	306	2,175	4,616
Total costs	444,414	39,942	63,493	547,849

United Way of Southwest Minnesota's overhead ratio, computed using the net method, is 16.74%.

See accompanying notes to financial statements.

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

		Support Services		
	Program Services	Management and General	Fundraising	Total
Distributions to charities	338,979			338,979
Wages and employee expenses	76,570	24,560	43,341	144,471
Promotions			13,653	13,653
Telephone	1,231	307	541	2,079
Rent	13,432	2,273	4,102	19,807
Insurance	1,390	446	787	2,623
Services and professional fees	2,279	4,571	1,007	7,857
Postage/box rent	184	28		212
Memberships and dues	933	298	529	1,760
Payments to affiliates	3,261	1,046	1,846	6,153
Travel/meals/conferences	2,193	641	1,475	4,309
Depreciation/maintenance	1,531	491	867	2,889
Supplies	1,754	275	551	2,580
Advertising	535	220		755
Miscellaneous	2,067	182	1,903	4,152
Total costs	446,339	35,338	70,602	552,279

United Way of Southwest Minnesota's overhead ratio, computed using the net method, is 15.81%.

See accompanying notes to financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

United Way of Southwest Minnesota is a Minnesota nonprofit corporation. It is a local autonomous 501(c)(3) organization working to create lasting changes in people's lives and the communities in Lincoln, Lyon, Murray, Yellow Medicine, and portions of Cottonwood, Lac qui Parle, Nobles, and Redwood counties of Minnesota.

New Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). The provisions of ASU 2014-09 apply to exchange transactions with customers that are bound by contracts or similar arrangements and establish a performance obligation approach to revenue recognition. The new standard also requires expanded disclosures regarding the qualitative and quantitative information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The standard is effective for annual reporting periods beginning after December 15, 2018, and permits the use of either a full retrospective or a modified retrospective approach.

The Organization adopted the new standard on July 1, 2019, using the modified retrospective method. Based on the Organization's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. The adoption of the ASU 2014-09 did not have an impact on the Organization's financial statements. Therefore, no cumulative adjustment was recognized in net assets upon adoption.

Effective July 2019, the Organization adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This accounting standard is meant to help not-for-profit entities evaluate whether transactions should be accounted for as contributions or as exchange transactions and, if the transaction is identified as a contribution, whether it is conditional or unconditional. ASU 2018-08 clarifies how an organization determines whether a resource provider is receiving commensurate value in return for a grant. If the resource provider does receive commensurate value from the grant recipient, the transaction is an exchange transaction and would follow the guidance under ASU 2014-09 (ASC Topic 606 - *Revenue Recognition*). If no commensurate value is received by the grant maker, the transfer is a contribution. ASU 2018-08 stresses that the value received by the general public as a result of the grant is not considered to be commensurate value received by the provider of the grant. ASU 2018-08 was implemented on a modified prospective basis.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements (Continued)

Therefore, in July 2019, the new standard was applied to agreements that were either not completed as of July 1, 2019, or entered into after July 1, 2019. The June 30, 2019, financial statements were not restated and continue to be reported under the accounting standards in effect in that period. There was no material impact to the financial statements as a result of adoption. Accordingly, no adjustment to opening net assets was recorded.

Financial Statement Presentation

The financial statements report amounts by class of net assets, as required by ASU 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve, as well as net assets for various other purposes as detailed in Note 9.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are subject to donor-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. 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, and are reported in the statements of activities as net assets released from restrictions.

Contributions restricted by donors received in the same period when the associated stipulated time or purpose restriction is accomplished are reported as increases in net assets without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

The Organization utilizes FASB ASC 958-605, *Not-for-Profit Entities Revenue Recognition*. FASB ASC 958-605 requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. The Paycheck Protection Program (PPP) Loan forgiveness is considered a conditional contribution.

Contributed Materials and Services

The Organization records various types of in-kind contributions. Contributed services are recognized at fair market value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

Volunteers

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with its operations. Management estimates that it receives the equivalent in volunteer hours of one full-time worker. The volunteer hours have not been recorded in the financial statements since those services do not meet the criteria for recognition.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. At June 30, 2020 and 2019, the Organization had no cash equivalents.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions Receivable

The Organization uses the allowance method to account for uncollectible contributions receivable.

Inventory

Inventories are valued at the lower of cost or net realizable value. Cost is determined using the first-in, first-out (FIFO) method. Net realizable value is based on the selling price.

Certificate of Deposit

The Organization invests cash in excess of its immediate needs in certificates of deposit which are reported as short-term investments in the statement of financial position. The certificates of deposit are reported at cost plus accrued interest, which closely approximates fair value, due to the short-term nature of these investments.

Property and Equipment

Property and equipment are stated at cost, if purchased, or fair value, if donated. The Organization's equipment is comprised of software and office equipment. Major expenditures for property and those which substantially increase useful lives are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Depreciation

The Organization provides for depreciation of property and equipment using annual rates which are sufficient to amortize the cost of depreciable assets using the straight-line method over their estimated useful lives, which range from 3 to 7 years.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

The Organization utilizes the provisions of FASB ASC 740-10, *Accounting for Uncertain Tax Positions*. The Organization continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that would be material to the financial statements.

Compensated Absences

All year-round employees are entitled to paid vacation. Accrued vacation pay was deemed immaterial and not accrued.

Advertising

Advertising costs are expensed as incurred. Advertising expense was $317 and $755 for the years ended June 30, 2020 and 2019, respectively.

Revenue Recognition

The Organization has analyzed the provisions of the FASB's ASC Topic 606, *Revenue from Contracts with Customers*, and has concluded that no changes are necessary to conform with the new standard. Our sales contain a single delivery element and revenue is recognized at a single point in time when ownership, risks, and rewards transfer.

Revenue With or Without Donor Restrictions

Contributions that are restricted by the donor are reported 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. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purpose of property and equipment. Otherwise, donor restrictions on contributions of property and equipment of assets restricted for purchase of property or equipment are considered to expire when the assets are placed in service. 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 statement of activities as net assets released from restrictions.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue With or Without Donor Restrictions (Continued)

Unconditional promises to give (pledges) are recorded as receivables and revenue and require United Way of Southwest Minnesota to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Special Fundraising Event Revenue

The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event (the exchange component) and a portion represents a contribution to the Organization. The fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are recorded as costs of direct donor benefits in the statement of activities. The performance obligation is delivery of the event, which is usually accompanied by a presentation, with the event fee set by the Organization. FASB ASU 2014-09 requires allocation of the transaction price to the performance obligations. Accordingly, the Organization separately presents in the statement of activities, or notes to the financial statements, the exchange and contribution components of the gross proceeds from special events. Special event fees collected in advance of delivery of the event are initially recognized as liabilities (deferred revenue) and are only recognized in the statements of activities after delivery of the special event has occurred. For special event fees received before year end that are for an event to occur after year end, follows AICPA guidance where the inherent contribution is conditioned on the event taking place, and is therefore treated as a refundable advance along with the exchange component.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Directly identifiable expenses are charged to programs, fundraising, or management and general depending on the reason the expenses were incurred. Expenses related to more than one function are charged to the functional classifications on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassification

In certain instances, amounts from the prior year have been reclassified to place them on a basis comparable with the current year.

NOTE 2. CONCENTRATION OF CREDIT RISK

The Organization has deposits at several financial institutions insured up to the $250,000 federally insured limit by the Federal Deposit Insurance Corporation. At one of these locations the deposits are in excess. At June 30, 2020 and 2019, the amount of deposits not covered was $87,143 and $- 0 -, respectively.

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of promises to give receivable. Such credit risk with respect to promises receivable are limited due to the large number of contributions comprising the Organization's contributor base and their dispersion across different industries and geographic areas. As of June 30, 2020 and 2019, the Organization had no significant concentrations of credit risk.

Approximately 23% of the Organization's funding is provided from contributions from Schwan's Corporate Giving Foundation and Schwan's Company subsidiary employees. Approximately 17% of the Organization's funding is provided from contributions from U.S. Bank Foundation and U.S. Bank employees. If these major funding sources were lost, the Organization could not continue the level of services currently provided.

NOTE 3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available to meet cash needs for general expenditures within one year of the balance date are as follows:

	2020	2019
Cash	354,519	87,899
Short-term investments	392,491	581,785
Reimbursement receivable	5,000	
	747,010	669,684

The Organization is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments.

NOTE 4. RECOGNITION OF CONTRIBUTIONS

Contributions, whether in the form of cash, unconditional promises to give, other assets or expenses, or the settlement of a liability, are recognized as revenue or gains in the period received, net of expected pledge loss and net of contributions designated to different agencies by the donor. They are recognized as assets, decreases of liabilities, or expenses depending on the form of the benefit received. The detail of the contribution revenue is as follows:

	2020	2019
2018 campaign contributions		530,680
2019 campaign contributions	466,705	76,120
2020 campaign contributions	77,915	
Special event - contributions	23,062	37,964
Special event - exchange	4,153	8,775
Gross campaign contribution revenue	571,835	653,539
Less: cost of direct donor benefits	(4,153)	(8,775)
Less: expected pledge loss	(20,351)	(21,058)
Add: prior year expected pledge loss in excess of actual write-offs	13,880	11,775
Net campaign contribution revenue	561,211	635,481

Actual contribution receivable write-offs for 2020 and 2019 were $7,178 and $10,021, respectively.

NOTE 5. CONTRIBUTIONS RECEIVABLE

Promises to give, net of allowance for doubtful accounts, are due to be collected as follows:

	2020	2019
Within one year	126,733	133,569
One to five years	- 0 -	- 0 -
More than five years	- 0 -	- 0 -
	126,733	133,569
Less: allowance for uncollectible contributions	(20,351)	(21,058)
Total contributions receivable	106,382	112,511

NOTE 6. INVENTORY

Inventory consists of the following at June 30, 2020 and 2019:

	2020	2019
Wild About Kindergarten Activity Books	210	1,159

NOTE 7. LEASE COMMITMENTS

In September 2019, the Organization entered into a 5-year lease for a copier and printer. The lease runs from October 2019 through September 2024, with monthly payments of $102.

In June 2015, the Organization entered into a 5-year lease for office space in Marshall, Minnesota. The lease runs from August 1, 2015 through July 31, 2020, with monthly payments of $1,500. There is an option of an additional five years with rent to be determined at that time. After July 31, 2020, the Organization is renting on a month-to-month basis.

At June 30, 2020, a schedule of the future minimum rental payments required under the above is as follows:

Year Ending June 30,	
2021	2,720
2022	1,220
2023	1,220
2024	1,220
2025	305
	6,685

Total rent expense for 2020 and 2019 was $19,379 and $19,807, respectively.

NOTE 8. NET ASSETS

Net assets consist of:

	2020	2019
Net assets without donor restrictions		
Undesignated	206,536	110,573
Board-designated (see Note 9)	320,554	337,747
Net investment in property and equipment	2,498	5,184
Total net assets without donor restrictions	529,588	453,504
Net assets with donor restrictions		
Subject to the passage of time:		
Contributions receivable	106,382	112,511
	635,970	566,015

NOTE 9. BOARD-DESIGNATED NET ASSETS

The Organization's Board of Directors has established the following reserves of board-designated net assets:

Funded Depreciation Reserve - To serve as a source for future purchases of equipment. The maximum amount permitted by the Board is $7,500.

Self-insurance Reserve - To cover deductibles, loss, claims, or costs which are not covered by other insurance.

Office Operating Expense Reserve - To provide stability for operating expenses of the United Way office. The minimum amount for this is three months of operating expenses and the maximum is six months of operating expenses.

Strategic Planning Reserve - To provide funds for any upcoming costs related to the work of the 2018 - 2020 Strategic Plan.

Community Impact Reserve - To provide stability in the level of funding for community impact grants. The minimum amount for this is three months of program grants and the maximum is six months of program grants.

Special Projects Reserve - To provide funds for any upcoming special projects as determined by the Board.

Internal Program Reserve - To provide stability in funding for programs sponsored/co-sponsored by United Way of Southwest Minnesota, and to provide flexible funding for proposals that, through a collaborative process, would address high-priority community issues. The minimum for this is three months of Student Emergency Funds, Imagination Library and other internal program expenditures and the maximum is six months of Student Emergency Funds, Imagination Library and other internal program expenditures.

NOTE 9. BOARD-DESIGNATED NET ASSETS (Continued)

Board-designated net assets consist of the following as of June 30, 2020 and 2019, respectively:

	2020	2019
Internal Program Reserve	62,573	
General Reserve		60,703
Imagination Library		20,090
Subtotal internal program reserve	62,573	80,793
Office Operating Expense Reserve	114,453	101,246
Self-insurance Reserve	5,000	5,000
Special Projects Reserve	19,556	19,556
Strategic Planning Reserve	118	913
Community Impact Reserve	111,354	122,739
Funded Depreciation Reserve	7,500	7,500
	320,554	337,747

NOTE 10. PAYCHECK PROTECTION PROGRAM

On April 7, 2020, the Organization received a Paycheck Protection Program (PPP) loan in the amount of $29,100 under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Under the CARES Act, the PPP loan can be forgiven if it is used for specific expenses that are indicated on the application. Any balance remaining after forgiveness amounts are applied is treated as a liability to be paid in full by April 7, 2022, with interest accruing at 1%. The Organization applied expenses for payroll and related expenses, rent expenses, and utility expenses to the PPP loan proceeds. In determining the use of these expenses, the Organization could choose to use the 8-week or 24-week period following the receipt of the funds in order to apply for loan forgiveness. United Way chose to implement the 24-week period. As of June 30, 2020, the Organization had fulfilled the spending requirements to have the full liability forgiven. Though they have yet to apply for forgiveness, United Way has recognized the revenue in full leaving no liability remaining under the 'conditional contribution' guidelines of ASC 958-605.

NOTE 11. IN-KIND CONTRIBUTIONS

The Organization received in-kind contributions which were characterized as follows:

	2020	2019
Statement of Activities		
Program		
Advertising	300	500
Services and professional fees	780	720
Supplies		82
Total program	1,080	1,302

NOTE 11. IN-KIND CONTRIBUTIONS (Continued)

	2020	2019
Statement of Activities (Continued)		
Management and general		
Services and professional fees	270	255
Supplies		29
Total management and general	270	284
Fundraising		
Services and professional fees	450	525
Supplies		59
Promotions	1,365	1,165
Total fundraising	1,815	1,749
Total statement of activities	3,165	3,335
Total in-kind contributions	3,165	3,335

NOTE 12. SUBSEQUENT EVENTS

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 12, 2020, the date the financial statements were available to be issued.

Due to the recent spread of the Coronavirus (COVID-19) and anticipated slowing of donations that the Organization receives, a decline in revenue for part of the year ending June 30, 2021, is possible. The dollar amount of any decline in revenue related to COVID-19 is not known at the time of issuance of the financial statements.

SUPPLEMENTARY INFORMATION

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
SUPPLEMENTARY INFORMATION - SCHEDULES OF DISTRIBUTIONS TO CHARITY
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020 Distributions to Charities	2019 Distributions to Charities
Program Services - Distribution to Charities		
Junior Achievement	3,000	9,500
Lake Benton Community Services - Food Shelf	5,000	
Loaves and Fishes - Marshall Community Meal Program	4,000	4,000
Lutheran Social Services of Minnesota	18,000	
Marshall Area Farmer's Market		1,000
Marshall Food 4 Kids	3,000	6,000
Neighbors United - Granite Falls Food Shelf		13,896
New Horizons Crisis Center - Crime Victim Services	35,000	35,000
New Horizons Crisis Center - Parenting Time Program	15,000	15,000
Prairie Five Community Action - Prairie Five Meals	10,000	5,000
ServeMinnesota	13,000	13,000
Service Enterprises, Inc., of Minnesota		2,000
United Community Action Partnership - Kitchen Table Food Shelves	45,000	40,000
United Community Action Partnership - Tax Preparation Clinic	13,000	15,000
United Community Action Partnership - The Refuge	20,000	19,000
United Community Action Partnership - Youth Development	3,000	12,500
Western Mental Health Center Project - Social Wellness		2,000
WoMen's Rural Advocacy Program (WRAP)	25,000	20,000
Small Projects Grants	10,500	15,205
1000 Books B4K	63	
Imagination Library	61,634	64,926
Little Red Bookshelves		183
Other Internal Program Grants and Expenses	4,420	5,282
Special Projects		2,470
COVID-19 Response	20,195	
Stuff the Bus	11,836	12,643
Wild About Kindergarten	1,585	10,555
School Emergency Grants	12,747	13,331
Designated	3,724	1,488
	338,704	338,979