

UNITED WAY OF SOUTHWEST MINNESOTA

MARSHALL, MINNESOTA

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022



**DANA F. COLE
& COMPANY^{LLP}**
CERTIFIED PUBLIC ACCOUNTANTS

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
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**DANA F. COLE
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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of Southwest Minnesota and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Southwest Minnesota's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 United Way of Southwest Minnesota's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Southwest Minnesota's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Other Matter

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Distributions to Charity 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
June 26, 2024

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

ASSETS	2023	2022
CURRENT ASSETS		
Cash	288,829	324,644
Investments - short-term	418,090	416,626
Contributions receivable, net of allowance for uncollectible accounts of \$12,862 for 2023, and \$14,367 for 2022	100,715	82,273
ERC receivable	14,000	
Prepaid expenses	5,401	6,406
Total current assets	<u>827,035</u>	<u>829,949</u>
PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$18,522 for 2023, and \$18,204 for 2022	<u>428</u>	<u>746</u>
TOTAL ASSETS	<u><u>827,463</u></u>	<u><u>830,695</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	3,963	2,766
Distributions to charities payable	225,104	224,217
Total current liabilities	<u>229,067</u>	<u>226,983</u>
NET ASSETS		
Net assets without donor restrictions	497,681	521,439
Net assets with donor restrictions		
Restricted by purpose or time	100,715	82,273
Total net assets	<u>598,396</u>	<u>603,712</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>827,463</u></u>	<u><u>830,695</u></u>

See accompanying notes to financial statements.

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Net campaign contribution revenue	373,541	100,715	474,256
Satisfaction of restrictions: time	82,273	(82,273)	
Investment income	1,643		1,643
Reimbursements	2,272		2,272
Unclaimed/forfeited funds	73		73
Employee retention credit	14,000		14,000
In-kind contributions	<u>10,300</u>		<u>10,300</u>
Total revenues and other support	<u>484,102</u>	<u>18,442</u>	<u>502,544</u>
EXPENSES			
Program			
Distributions to charities	299,536		299,536
Other program expenses	<u>90,874</u>		<u>90,874</u>
Total program	<u>390,410</u>		<u>390,410</u>
Supporting services			
Management and general	55,522		55,522
Fundraising	<u>61,928</u>		<u>61,928</u>
Total supporting services	<u>117,450</u>		<u>117,450</u>
Total expenses	<u>507,860</u>		<u>507,860</u>
CHANGE IN NET ASSETS	(23,758)	18,442	(5,316)
NET ASSETS, beginning of year	<u>521,439</u>	<u>82,273</u>	<u>603,712</u>
NET ASSETS, end of year	<u>497,681</u>	<u>100,715</u>	<u>598,396</u>

See accompanying notes to financial statements.

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Net campaign results	405,393	82,273	487,666
Satisfaction of restrictions: time	82,985	(82,985)	
Investment income	1,096		1,096
Reimbursements	1,157		1,157
Unclaimed/forfeited funds			
In-kind contributions	<u>11,578</u>		<u>11,578</u>
Total revenues and other support	<u>502,209</u>	<u>(712)</u>	<u>501,497</u>
EXPENSES			
Program			
Distributions to charities	299,115		299,115
Other program expenses	<u>87,960</u>		<u>87,960</u>
Total program	<u>387,075</u>		<u>387,075</u>
Supporting services			
Management and general	33,390		33,390
Fundraising	<u>68,408</u>		<u>68,408</u>
Total supporting services	<u>101,798</u>		<u>101,798</u>
Total expenses	<u>488,873</u>		<u>488,873</u>
CHANGE IN NET ASSETS	13,336	(712)	12,624
NET ASSETS, beginning of year	<u>508,103</u>	<u>82,985</u>	<u>591,088</u>
NET ASSETS, end of year	<u><u>521,439</u></u>	<u><u>82,273</u></u>	<u><u>603,712</u></u>

See accompanying notes to financial statements.

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	<u>(5,316)</u>	<u>12,624</u>
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	318	704
(Increase) decrease in:		
Contributions receivable	(18,442)	712
ERC receivable	(14,000)	
Prepaid expenses	1,005	(757)
Inventory		104
Increase (decrease) in:		
Accounts payable and accrued liabilities	1,197	784
Distributions to charities payable	<u>887</u>	<u>(23,433)</u>
Net adjustments	<u>(29,035)</u>	<u>(21,886)</u>
Net cash used in operating activities	<u>(34,351)</u>	<u>(9,262)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment		(660)
Purchase of investments	<u>(1,464)</u>	<u>(999)</u>
Net cash used in investing activities	<u>(1,464)</u>	<u>(1,659)</u>
NET DECREASE IN CASH	(35,815)	(10,921)
CASH, beginning of year	<u>324,644</u>	<u>335,565</u>
CASH, end of year	<u><u>288,829</u></u>	<u><u>324,644</u></u>

See accompanying notes to financial statements.

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

		<u>Support Services</u>		
		Management		
	Program	and		
	Services	General	Fundraising	Total
Distributions to charities	299,536			299,536
Wages and employee expenses	54,881	39,201	36,587	130,669
Promotions			7,694	7,694
Telephone	951	679	634	2,264
Rent	12,628	2,910	3,682	19,220
Insurance	935	668	623	2,226
Services and professional fees	12,407	7,872	8,108	28,387
Postage/box rent		153		153
Memberships and dues	1,319	943	879	3,141
Payments to affiliates	1,575	1,124	1,050	3,749
Travel/meals/conferences	1,702	1,107	1,302	4,111
Depreciation/maintenance	574	326	391	1,291
Supplies	1,396	309	288	1,993
Miscellaneous	2,506	230	690	3,426
Total costs	<u>390,410</u>	<u>55,522</u>	<u>61,928</u>	<u>507,860</u>

See accompanying notes to financial statements.

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services	<u>Support Services</u>		Total
		Management and General	Fundraising	
Distributions to charities	299,115			299,115
Wages and employee expenses	56,289	23,250	42,828	122,367
Promotions			6,442	6,442
Telephone	980	405	746	2,131
Rent	12,751	2,265	4,204	19,220
Insurance	990	409	752	2,151
Services and professional fees	6,840	3,351	5,019	15,210
Postage/box rent	121	50		171
Memberships and dues	807	333	614	1,754
Payments to affiliates	3,764	1,554	2,863	8,181
Travel/meals/conferences	762	526	861	2,149
Depreciation/maintenance	608	223	412	1,243
Supplies	1,497	279	514	2,290
Advertising	1,462	604	1,112	3,178
Miscellaneous	1,089	141	2,041	3,271
Total costs	<u>387,075</u>	<u>33,390</u>	<u>68,408</u>	<u>488,873</u>

See accompanying notes to financial statements.

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

United Way of Southwest Minnesota (the Organization) is a Minnesota nonprofit corporation. It is a local autonomous 501(c)(3) organization working to improve lives and strengthen the communities in Lincoln, Lyon, Murray, and Yellow Medicine Counties, and portions of Cottonwood, Lac qui Parle, Nobles, and Redwood counties of Minnesota that it serves.

Financial Statement Presentation

The financial statements report amounts by class of net assets, as required by Accounting Standards Update (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.

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

The Organization utilizes Financial Accounting Standards Board (FASB) Accounting Standards Codification (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.

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 part-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, 2023 and 2022, the Organization had no cash equivalents.

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions Receivable

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

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 statements 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.

Leases

FASB ASU 842, *Leases*, was implemented in the current year. Under the standard a lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. ROU assets are also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

Lease liabilities are initially and subsequently recognized based on the present value of their future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as a variable lease expense (income) in the future period in which they are incurred.

ROU assets for operating leases are subsequently measured throughout the lease term at the amount of the remeasured lease liability (present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized.

ROU assets for finance leases are amortized on a straight-line basis over the lease term. Operating leases with fluctuating lease payments: For operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term.

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset or liability for those leases. Lease payments for short-term leases are recognized on a straight-line basis.

The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The risk-free rate option has been applied to the building class of assets.

The Organization does not have any right-of-use assets and liabilities as of June 30, 2023.

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 - 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).

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.

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$- 0 - and \$3,178 for the years ended June 30, 2023 and 2022, respectively.

Revenue Recognition

The Organization has analyzed the provisions of FASB ASC, Topic 606, *Revenue from Contracts with Customers*, and has concluded that no changes are necessary to conform with the 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.

Unconditional promises to give (pledges) are recorded as receivables and revenue and require 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.

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.

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Fundraising Event Revenue (Continued)

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 statements 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 statements 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 statements of activities and in the statements 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. These include distributions to charities, promotions, fees, postage, travel, some supplies, and technology expenses. 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. These include payroll, telephone, rent, insurance, memberships, payments to affiliates, depreciation, and some supplies.

NOTE 2. CONCENTRATIONS

The Organization has deposits at several financial institutions insured up to the \$250,000 federally insured limit by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2023 and 2022, the Organization's cash balances were fully insured.

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 2. CONCENTRATIONS (Continued)

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, 2023 and 2022, the Organization had no significant concentrations of credit risk.

Approximately 13% of the Organization's funding is provided from contributions from U.S. Bank Foundation and U.S. Bank employees. Approximately 15% of the Organization's funding is provided from contributions from Schwan's Corporate Giving Foundation and Schwan's Company subsidiary employees. Approximately 14% of the Organization's funding is provided from contributions from North Star Mutual Insurance Company and North Star Mutual Insurance Company 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:

	2023	2022
Cash	288,829	324,644
Short-term investments	<u>418,090</u>	<u>416,626</u>
	<u>706,919</u>	<u>741,270</u>

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.

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

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:

	2023	2022
2021 campaign contributions		407,076
2022 campaign contributions	407,153	70,210
2023 campaign contributions	50,530	
Special event - contributions	22,614	15,984
Special event - exchange	5,732	6,784
	486,029	500,054
Gross campaign contribution revenue		
Less: cost of direct donor benefits	(5,732)	(6,784)
Less: expected pledge loss	(12,862)	(14,367)
Add: prior year expected pledge loss in excess of actual write-offs	6,821	8,763
Net campaign contribution revenue	474,256	487,666

Actual contribution receivable write-offs for the years ended June 30, 2023 and 2022, were \$7,482 and \$8,001, respectively.

NOTE 5. CONTRIBUTIONS RECEIVABLE

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

	2023	2022
Within one year	113,577	96,640
One to five years	- 0 -	- 0 -
More than five years	- 0 -	- 0 -
	113,577	96,640
Less: allowance for uncollectible contributions	(12,862)	(14,367)
Total contributions receivable	100,715	82,273

NOTE 6. EMPLOYEE RETENTION CREDIT

On November 10, 2022, the Organization filed a 941X for the third quarter of 2021 to receive the Employee Retention Credit. They filed for this credit based on qualified wages of \$20,000. The total amount of the credit they applied for came to \$14,000. As of June 30, 2023, the credit has yet not been received.

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 7. LEASE COMMITMENTS

In September 2019, the Organization entered into a 5-year operating 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 - 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, 2023, a schedule of the future minimum rental payments required under the above is as follows:

Years Ending June 30,	
2024	1,220
2025	<u>305</u>
	<u><u>1,525</u></u>

Total rent expense for the years ended June 30, 2023 and 2022, was \$19,220 and \$19,220, respectively.

NOTE 8. NET ASSETS

Net assets consist of:

	2023	2022
Net assets without donor restrictions		
Undesignated	223,877	243,768
Board-designated (see Note 9)	273,376	276,925
Net investment in property and equipment	<u>428</u>	<u>746</u>
Total net assets without donor restrictions	<u>497,681</u>	<u>521,439</u>
Net assets with donor restrictions		
Subject to the passage of time:		
Contributions receivable	<u>100,715</u>	<u>82,273</u>
	<u><u>598,396</u></u>	<u><u>603,712</u></u>

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 9. BOARD-DESIGNATED NET ASSETS

The Organization's Board of Directors (the Board) 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 Strategic Plans.

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.

Board-designated net assets consist of the following as of June 30, 2023 and 2022, respectively:

	2023	2022
Internal Program Reserve	54,950	57,135
Office Operating Expense Reserve	99,026	108,432
Self-insurance Reserve	5,000	5,000
Special Projects Reserve	3,120	5,620
Strategic Planning Reserve	4,563	4,563
Community Impact Reserve	99,217	88,675
Funded Depreciation Reserve	7,500	7,500
	<u>273,376</u>	<u>276,925</u>

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
NOTES TO FINANCIAL STATEMENTS

NOTE 10. IN-KIND CONTRIBUTIONS

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

	2023	2022
<u>Statement of Activities</u>		
Program		
Advertising		1,462
Services and professional fees	3,570	3,924
Total program	<u>3,570</u>	<u>5,386</u>
Management and general		
Advertising		604
Services and professional fees	2,550	1,311
Total management and general	<u>2,550</u>	<u>1,915</u>
Fundraising		
Advertising		1,112
Services and professional fees	2,380	2,415
Promotions	1,800	750
Total fundraising	<u>4,180</u>	<u>4,277</u>
Total statement of activities	<u>10,300</u>	<u>11,578</u>
Total in-kind contributions	<u><u>10,300</u></u>	<u><u>11,578</u></u>

NOTE 11. SUBSEQUENT EVENT

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 26, 2024, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

UNITED WAY OF SOUTHWEST MINNESOTA
MARSHALL, MINNESOTA
SUPPLEMENTARY INFORMATION - SCHEDULES OF DISTRIBUTIONS TO CHARITY
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
	Distributions	Distributions
	to Charities	to Charities
Program Services - Distribution to Charities		
Junior Achievement	5,000	4,000
Lutheran Social Services of Minnesota	16,500	16,500
Marshall Food4Kids	7,500	7,500
Marshall Public Schools - PAES Lab		2,000
New Horizons Crisis Center - Crime Victim Services	32,500	32,500
New Horizons Crisis Center - Parenting Time Program	16,000	15,000
Prairie Five Community Action - Prairie Five Meals	8,000	8,000
ServeMinnesota - Reading Corps	20,000	23,500
SWWC Foundation for Innovation in Education	4,000	4,000
United Community Action Partnership - Kitchen Table Food Shelves	40,500	40,822
United Community Action Partnership - Volunteer Income Tax Assistance Program	12,000	12,000
United Community Action Partnership - The Refuge	19,500	19,500
United Community Action Partnership - Youth Development	3,000	
WoMen's Rural Advocacy Program (WRAP)	27,500	27,500
Small Projects Grants	750	
Imagination Library	58,290	58,173
Other Internal Program Grants and Expenses	393	477
Special Projects	2,500	711
Wild About Kindergarten	10,661	
Stuff the Bus	1,942	12,632
Summer Program		2,905
School Emergency Grants	13,000	11,291
Designated		104
	<u>299,536</u>	<u>299,115</u>