

**UNITED WAY OF STEELE COUNTY**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
United Way of Steele County  
Owatonna, Minnesota

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of United Way of Steele County (a nonprofit organization), which comprise the balance sheets as of December 31, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Steele County as of December 31, 2021 and 2020, and 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of United Way of Steele County 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 Steele County's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

***Auditors' 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 auditors' 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 GAAS 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 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 GAAS, 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 Steele County'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 Steele County'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 audit, significant audit findings, and certain internal control related matters that we identified during the audit.



**CliftonLarsonAllen LLP**

Austin, Minnesota  
June 16, 2022

**UNITED WAY OF STEELE COUNTY  
BALANCE SHEETS  
DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 688,688	\$ 596,587
Investments	467,024	573,107
Interest Receivable	5	2,380
Grants Receivable	15,711	-
Other Current Assets	978	879
Pledges Receivable, Net	541,937	514,815
Property and Equipment, Net	2,029	3,091
Total Assets	\$ 1,716,372	\$ 1,690,859
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Grants Payable to Agencies	\$ 578,800	\$ 571,002
Refundable Advances	900	-
Pledges Due to Other Counties	5,870	3,764
Accounts Payable	1,637	2,395
Payroll Taxes Payable	1,705	1,426
Total Liabilities	588,912	578,587
<b>NET ASSETS</b>		
Without Donor Restrictions:		
Board-Designated	1,097,095	1,068,112
With Donor Restrictions	30,365	44,160
Total Net Assets	1,127,460	1,112,272
Total Liabilities and Net Assets	\$ 1,716,372	\$ 1,690,859

See accompanying Notes to Financial Statements.

**UNITED WAY OF STEELE COUNTY  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>CHANGES IN NET ASSETS</b>			
Annual Campaign	\$ 766,597	\$ -	\$ 766,597
Less: Donor Designations	(7,158)	-	(7,158)
Less: Uncollectible Pledges	(33,327)	-	(33,327)
Net Campaign Revenue	726,112	-	726,112
SAMHSA In-Kind Donations	98,011	-	98,011
Other In-Kind Donations	3,025	-	3,025
Special Event Income	27,293	-	27,293
SAMHSA Grants	100,499	-	100,499
Other Grants	139,944	-	139,944
Other Contributions	17,075	1,365	18,440
Other Income	3,070	-	3,070
Investment Income	44,555	-	44,555
Net Assets Released from Restriction	15,160	(15,160)	-
Total Income	1,174,744	(13,795)	1,160,949
<b>EXPENSES</b>			
Program Services	936,144	-	936,144
Supporting Services	209,617	-	209,617
Total Expenses	1,145,761	-	1,145,761
<b>INCREASE (DECREASE) IN NET ASSETS</b>	28,983	(13,795)	15,188
Net Assets - Beginning of Year	1,068,112	44,160	1,112,272
<b>NET ASSETS - END OF YEAR</b>	\$ 1,097,095	\$ 30,365	\$ 1,127,460

See accompanying Notes to Financial Statements.

**UNITED WAY OF STEELE COUNTY  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>CHANGES IN NET ASSETS</b>			
Annual Campaign	\$ 778,910	\$ -	\$ 778,910
Less: Donor Designations	(4,590)	-	(4,590)
Less: Uncollectible Pledges	(28,228)	-	(28,228)
Net Campaign Revenue	746,092	-	746,092
SAMHSA In-Kind Donations	168,394	-	168,394
Other In-Kind Donations	3,105	-	3,105
Special Event Income	-	-	-
SAMHSA Grants	123,774	-	123,774
Other Grants	92,817	-	92,817
Other Income	23,371	-	23,371
Investment Income	51,969	-	51,969
Net Assets Released from Restriction	92,158	(92,158)	-
Total Income	1,301,680	(92,158)	1,209,522
<b>EXPENSES</b>			
Program Services	1,081,421	-	1,081,421
Supporting Services	184,856	-	184,856
Total Expenses	1,266,277	-	1,266,277
<b>INCREASE (DECREASE) IN NET ASSETS</b>	35,403	(92,158)	(56,755)
Net Assets - Beginning of Year	1,032,709	136,318	1,169,027
<b>NET ASSETS - END OF YEAR</b>	\$ 1,068,112	\$ 44,160	\$ 1,112,272

See accompanying Notes to Financial Statements.

**UNITED WAY OF STEELE COUNTY  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2021**

	Program Services			Supporting Services			Total Expenses	
	United Way Programs	SAMHSA Grant	Other Grants	Total Program Services	Management and General	Fundraising		Total Supporting Services
Impact Grants and Awards	\$ 564,275	\$ -	\$ 11,000	\$ 575,275	\$ -	\$ -	\$ -	\$ 575,275
Less: Donor Designations	(7,158)	-	-	(7,158)	-	-	-	(7,158)
Impact Grants and Awards, Net	557,117	-	11,000	568,117	-	-	-	568,117
Salaries	5,049	65,112	50,311	120,472	6,369	80,283	86,652	207,124
Fringe Benefits	9,184	4,232	1,857	15,273	4,064	12,030	16,094	31,367
Payroll Taxes	809	5,775	2,934	9,518	1,613	7,952	9,565	19,083
Total Employee Expense	15,042	75,119	55,102	145,263	12,046	100,265	112,311	257,574
Professional Fees	15,930	9,580	4,440	29,950	5,864	11,224	17,088	47,038
Office Expense	1,134	579	11,780	13,493	1,688	739	2,427	15,920
Postage	509	165	-	674	510	114	624	1,298
Office Rent and Utilities	13,636	-	210	13,846	6,087	10,166	16,253	30,099
Computer Expense	222	1,064	624	1,910	768	3,724	4,492	6,402
Staff Expense	-	2,000	250	2,250	310	295	605	2,855
Insurance	2,348	202	-	2,550	754	1,652	2,406	4,956
Advertising	-	-	-	-	9,934	-	9,934	9,934
Campaign Promotion	3,101	-	12,500	15,601	-	31,832	31,832	47,433
Meetings Expense	916	163	32	1,111	182	4	186	1,297
Dues and Subscriptions	1,626	710	489	2,825	1,223	1,387	2,610	5,435
Workshops	3,014	817	1,117	4,948	-	-	-	4,948
Member Volunteer Time and Mileage	-	97,964	-	97,964	-	-	-	97,964
Imagination Library	27,027	-	-	27,027	-	-	-	27,027
Other	1,331	51	23	1,405	1,292	139	1,431	2,836
Total Nonemployee Expense	70,794	113,295	31,465	215,554	28,612	61,276	89,888	305,442
Depreciation	-	-	-	-	1,063	-	1,063	1,063
Total Operations	642,953	188,414	97,567	928,934	41,721	161,541	203,262	1,132,196
United Way of America Dues	7,210	-	-	7,210	1,565	4,790	6,355	13,565
Total Expense	\$ 650,163	\$ 188,414	\$ 97,567	\$ 936,144	\$ 43,286	\$ 166,331	\$ 209,617	\$ 1,145,761

See accompanying Notes to Financial Statements.

**UNITED WAY OF STEELE COUNTY  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2020**

	Program Services			Supporting Services			Total Expenses	
	United Way Programs	SAMHSA Grant	Other Grants	Total Program Services	Management and General	Fundraising		Total Supporting Services
Impact Grants and Awards	\$ 592,568	\$ -	\$ 14,134	\$ 606,702	\$ -	\$ -	\$ -	\$ 606,702
Less: Donor Designations	(4,590)	-	-	(4,590)	-	-	-	(4,590)
Impact Grants and Awards, Net	587,978	-	14,134	602,112	-	-	-	602,112
Salaries	29,014	71,499	34,811	135,324	18,928	62,038	80,966	216,290
Fringe Benefits	10,176	6,919	-	17,095	4,105	13,706	17,811	34,906
Payroll Taxes	3,972	6,152	-	10,124	1,789	8,228	10,017	20,141
Total Employee Expense	43,162	84,570	34,811	162,543	24,822	83,972	108,794	271,337
Professional Fees	14,601	17,900	7,693	40,194	5,531	10,819	16,350	56,544
Office Expense	3,944	450	11,299	15,693	670	469	1,139	16,832
Postage	148	110	495	753	532	104	636	1,389
Office Rent and Utilities	13,969	-	392	14,361	6,166	10,555	16,721	31,082
Computer Expense	511	755	6,760	8,026	238	1,055	1,293	9,319
Staff Expense	100	6,284	2,512	8,896	407	682	1,089	9,985
Insurance	2,299	202	-	2,501	647	1,609	2,256	4,757
Advertising	-	-	-	-	16,119	-	16,119	16,119
Campaign Promotion	435	120	13,224	13,779	774	8,645	9,419	23,198
Meetings Expense	-	117	2,269	2,386	17	(27)	(10)	2,376
Dues and Subscriptions	995	571	1,862	3,428	683	1,860	2,543	5,971
Workshops	500	-	1,946	2,446	-	-	-	2,446
Member Volunteer Time and Mileage	-	168,394	-	168,394	-	-	-	168,394
Imagination Library	28,175	-	-	28,175	-	-	-	28,175
Other	324	2,063	-	2,387	1,485	253	1,738	4,125
Total Nonemployee Expense	66,001	196,966	48,452	311,419	33,269	36,024	69,293	380,712
Depreciation	-	-	-	-	1,116	-	1,116	1,116
Total Operations	697,141	281,536	97,397	1,076,074	59,207	119,996	179,203	1,255,277
United Way of America Dues	5,347	-	-	5,347	1,818	3,835	5,653	11,000
Total Expense	\$ 702,488	\$ 281,536	\$ 97,397	\$ 1,081,421	\$ 61,025	\$ 123,831	\$ 184,856	\$ 1,266,277

See accompanying Notes to Financial Statements.

**UNITED WAY OF STEELE COUNTY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (Decrease) in Net Assets	\$ 15,188	\$ (56,755)
Net Realized and Unrealized (Gains) Losses on Investments	(35,225)	(42,232)
Depreciation	1,063	1,116
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Used by Operating Activities:		
(Increase) Decrease in Operating Assets:		
Interest Receivable	2,375	(10)
Other Current Assets	(99)	4,921
Pledge Receivables	(27,122)	38,601
Grant Receivables	(15,711)	-
Increase (Decrease) in Operating Liabilities		
Grants Payable	7,798	35,803
Deferred Revenue	900	(26,549)
Pledges Due to Other Counties	2,106	(2,656)
Accounts Payable	(758)	1,485
Payroll Taxes Payable	279	132
Net Cash Used by Operating Activities	(49,206)	(46,144)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from (Investments in) Certificates of Deposit	150,000	-
Purchase of Investments	(62,837)	(193,303)
Proceeds from Sale of Investments	54,144	190,887
Net Cash Provided (Used) by Investing Activities	141,307	(2,416)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	92,101	(48,560)
Cash and Cash Equivalents - Beginning of Year	596,587	645,147
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 688,688	\$ 596,587

See accompanying Notes to Financial Statements.

**UNITED WAY OF STEELE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

United Way of Steele County (the Organization) is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization was formed in 1974 and is a voluntary community assistance agency dedicated to allocating pledges and contributions received substantially all from Steele County businesses and individuals, to assist various other local agencies to better serve the community and the surrounding area.

**Basis of Accounting**

The accounts of the Organization are maintained, and the financial statements are prepared, on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

**Basis of Presentation**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

**UNITED WAY OF STEELE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition**

**Contributions and Grants**

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

A portion of the Organization's revenue is derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization received cost-reimbursable grants of \$894,717 and \$108,373, respectively, that have not been recognized at December 31, 2021 and 2020 because qualifying expenditures have not yet been incurred.

**Contributed Services and In-Kind Contributions**

A number of volunteers make significant contributions of time to the Organization's programs and annual fundraising campaign. The value of this contributed time does not meet the criteria for recognition of contributed service revenue/expense and, accordingly, is not reflected in the accompanying financial statements.

The Organization also received donated services and materials for the years ended December 31, 2021 and 2020, with a fair value on the dates of donation of \$99,211 and \$170,210 in program expenses, \$1,459 and \$856 in fundraising expenses, and \$366 and \$433 in operational expenses, respectively.

**SAMHSA Grant**

In 2016, the Organization received a multi-year conditional grant from the Substance Abuse and Mental Health Services Administration (SAMHSA) as part of an effort to establish and strengthen collaboration among communities and reduce substance abuse among youth, and over time, among adults. As part of the grant, the Organization will be reimbursed for eligible expenses up to \$125,000 each year through September 29, 2021. Eligible expenses not incurred during the year may be rolled into the following year. Total grant income received was \$100,499 and \$123,774 for the years ended December 31, 2021 and 2020, respectively. The grant also requires the Organization to receive and expend nonfederal matching funds of which in-kind support may be used to satisfy this requirement. Total in-kind support was \$98,011 and \$168,394 for the years ended December 31, 2021 and 2020, respectively.

**UNITED WAY OF STEELE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Pledges Receivable**

Pledges for contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. The allowance method is used to determine the provision for uncollectible pledges. The allowance is based on an average of uncollectible pledges, management's analysis of specific promises made, and the current and expected economic situation of the Steele County Area. All pledges are received within one year; therefore, discounting is not considered necessary.

**Property and Equipment**

It is the Organization's policy to capitalize property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair values. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of each that must be used to purchase property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Property and equipment are depreciated using the straight-line method.

**Unpaid Grants, Payments to Agencies**

Payments to approved United Way agencies are recorded when approved by the Organization's board of directors. Unpaid grants represent those commitments for payments to agencies for the current fiscal year.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

**Income Taxes**

The Organization is exempt from income taxes under Section 501(c)(3) of the IRC and applicable statutes of the state of Minnesota.

**Functional Allocations of Expenses**

The majority of expenses generally can be directly identified with the program or supporting services to which they relate and are charged accordingly. Other expenses have been allocated among program and supporting services on the basis of full-time equivalent employees, salaries, and other bases determined by the management of the Organization receiving benefit from the expenditures. Allocated expenses include salaries, fringe benefits, payroll taxes, insurance, professional fees, office expense, office rent and utilities, computer expense and dues and subscriptions. Salary expense is allocated based on a time study conducted and management's best estimates.

**UNITED WAY OF STEELE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Concentrations of Risk**

The Organization maintains its cash and investment balances in bank deposit accounts which potentially subject it to concentration of credit risk. The Organization's policy is to keep its cash and investments balances within insured limits. The carrying amount of cash and cash equivalents approximates fair value because of the short maturity of these investments.

Also, the Organization receives substantially all of its support from individuals and businesses in Steele County. A material change in the level of support received due to local economic factors or other geographically isolated conditions would likely result in a corresponding change in the level of program activity of the Organization.

**Fair Value**

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. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level I) and the lowest priority to unobservable inputs (Level III). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

*Level 2* – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

*Level 3* – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Subsequent to initial recognition, the Organization may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

**UNITED WAY OF STEELE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value (Continued)**

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. The Organization has not elected to measure any existing financial instruments at fair value. However, it may elect to measure newly acquired financial instruments at fair value in the future.

The following table presents the balances of assets and liabilities measured at fair value on a recurring basis as of December 31, 2021:

	Level 1	Level 2	Level 3	Total
Equity Mutual Funds	\$ 284,211	\$ -	\$ -	\$ 284,211
Fixed Income Mutual Funds	182,813	-	-	182,813
Total	<u>\$ 467,024</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 467,024</u>

The following table presents the balances of assets and liabilities measured at fair value on a recurring basis as of December 31, 2020:

	Level 1	Level 2	Level 3	Total
Equity Mutual Funds	\$ 258,753	\$ -	\$ -	\$ 258,753
Fixed Income Mutual Funds	164,354	-	-	164,354
Total	<u>\$ 423,107</u>	<u>\$ -</u>	<u>\$ -</u>	423,107
*Certificates of Deposit				<u>150,000</u>
				<u>\$ 573,107</u>

\*Certificates of deposit are not measured at fair value but are included in the fair value measurement table to facilitate reconciliation to the "investments" accounts shown on the statements of financial position.

**Paycheck Protection Program Loan**

On May 5, 2020, the Organization received proceeds in the amount of \$33,584 to fund payroll, rent and utilities through the Paycheck Protection Program (the PPP Loan). The PPP Loan may be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreement and the CARES Act. The Organization received full forgiveness of these loan proceeds on November 30, 2020.

On March 4, 2021, the Organization also received a Second Draw PPP Loan of \$33,175. These funds must be used in accordance with the program requirements. As of December 31, 2021, the Organization has met all barriers and received full forgiveness.

The Small Business Administration 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.

**UNITED WAY OF STEELE COUNTY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 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 and disclosure through June 16, 2022, the date the financial statements were available to be issued.

**NOTE 2 INVESTMENTS**

Investments are carried at fair values on the statement of financial position whereas certificates of deposit are carried at cost which approximate the fair value. The following is a summary of investments at December 31, 2021.

	<u>Cost</u>	<u>Fair Value</u>
Equity Mutual Funds	\$ 180,989	\$ 284,211
Fixed Income Mutual Funds	180,413	182,813
Total	<u>\$ 361,402</u>	<u>\$ 467,024</u>

Investment Return is Summarized as Follows:

Interest and Dividends, Net	\$ 2,594
Capital Gains	6,736
Realized and Unrealized Net Gain	<u>35,225</u>
Total	<u>\$ 44,555</u>

Investments are carried at fair values on the statement of financial position whereas certificates of deposit are carried at cost which approximate the fair value. The following is a summary of investments at December 31, 2020.

	<u>Cost</u>	<u>Fair Value</u>
Equity Mutual Funds	\$ 188,666	\$ 258,753
Fixed Income Mutual Funds	156,365	164,354
Certificates of Deposit	150,000	150,000
Total	<u>\$ 495,031</u>	<u>\$ 573,107</u>

Investment Return is Summarized as Follows:

Interest and Dividends, Net	\$ 7,462
Capital Gains	2,275
Realized and Unrealized Net Gain	<u>42,232</u>
Total	<u>\$ 51,969</u>

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**NOTE 3 BOARD-DESIGNATED NET ASSETS**

The following summarizes various fund designations established by the Organization's board of directors and their respective balances at December 31.

	<u>2021</u>	<u>2020</u>
Wobschall Reserve Fund:		
Charitable Bequest Designated by the Board of Directors to Provide Long-Term Sustaining Support.	\$ 302,370	\$ 302,370
Operating Reserve:		
To Meet a Financial Crisis Which Would Jeopardize United Way's Continued Support of its Agencies.	624,562	595,579
Emergency Grants Fund	50,000	50,000
Special Initiative Fund	50,000	50,000
Capacity Building Fund	50,000	50,000
Planned Giving Reserve Fund	20,163	20,163
Total	<u>\$ 1,097,095</u>	<u>\$ 1,068,112</u>

**NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS**

The following summarizes net assets with donor restrictions at December 31.

	<u>2021</u>	<u>2020</u>
Imagination Library	\$ 30,365	\$ 29,000
Technology	-	15,160
Total	<u>\$ 30,365</u>	<u>\$ 44,160</u>

Net assets were released from restrictions as follows during the years ended December 31:

	<u>2021</u>	<u>2020</u>
Imagination Library	\$ -	\$ 13,208
Technology	15,160	52,401
Community Engagement	-	26,549
Total	<u>\$ 15,160</u>	<u>\$ 92,158</u>

**NOTE 5 LEASES**

Beginning August 2018, the Organization entered into a lease at a new location for its administrative offices through August 2023. Future minimum lease payments are as follows: 2022 - \$15,600 and 2023 - \$9,100.

Rent expense was \$16,004 and \$15,845 for the years ended December 31, 2021 and 2020, respectively.

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**NOTE 6 BENEFIT PLANS**

Effective January 1, 2005, the Organization implemented a 403(b) tax deferred annuity plan in which employees become immediately eligible to participate. There is no cost to the Organization for the above plan.

Effective January 1, 2005, the Organization implemented a Simplified Employee Pension Plan (SEP). Employees are required to complete one year of service and have attained age 18 years of age or older in order to be eligible to participate in the plan. The Organization contributed 5% in 2021 and 2020 of the employee's qualified compensation to the plan. For the years ended December 31, 2021 and 2020, this contribution amount was \$3,749 and \$3,770, respectively.

**NOTE 7 RELATED PARTY TRANSACTIONS**

The Organization pays dues to United Way Worldwide. During the years ended December 31, 2021 and 2020, the Organization paid dues of \$13,565 and \$11,000, respectively.

**NOTE 8 LIQUIDITY AND AVAILABILITY**

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program-related activities as well as the conduct of services undertaken to support those programs to be general expenditures.

The following financial assets could be readily made available within one year of the balance sheet date to meet general expenditures as of December 31:

	2021	2020
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 688,688	\$ 596,587
Investments	467,024	573,107
Pledges Receivable	541,937	514,815
Grants and Other Receivables	15,716	2,380
Total Financial Assets at Year-End	1,713,365	1,686,889
Less: Amounts Not Available to Meet General Expenditures Within One Year:		
Net Assets With Donor Restrictions	(30,365)	(44,160)
Board Designated	(1,097,095)	(1,068,112)
Financial Assets Available to Meet General Expenditures Within One Year	\$ 585,905	\$ 574,617