

UNITED WAY OF OLMSTED COUNTY, INC.

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEAR ENDED MARCH 31, 2024

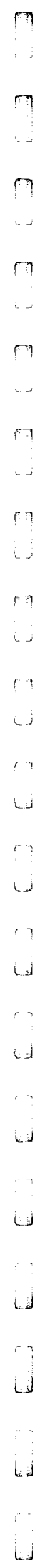


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INDEPENDENT AUDITORS' REPORT

Board of Directors
United Way of Olmsted County, Inc.
Rochester, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of United Way of Olmsted County, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 Olmsted County, Inc. as of March 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Olmsted County, Inc. 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 Olmsted County, Inc.'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 Olmsted County, Inc.'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 Olmsted County, Inc.'s ability to continue as a going concern for a reasonable period of time.

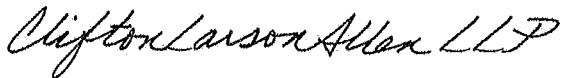
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We previously audited the United Way of Olmsted County, Inc. 2023 financial statements, and our report dated July 10, 2023, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional internal initiative program service expenses 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



CliftonLarsonAllen LLP

Austin, Minnesota
June 28, 2024

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UNITED WAY OF OLMSTED COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2024
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2023)

ASSETS	2024	2023
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 720,438	\$ 569,816
Investments	1,557,141	1,833,913
Accounts Receivable	6,372	1
Grants Receivable	114,121	107,199
Pledges Receivable, Net	1,294,243	1,492,167
Prepaid Expenses and Other Assets	32,070	46,156
Total Current Assets	3,724,385	4,049,252
PROPERTY AND EQUIPMENT		
Land	77,525	77,525
Buildings and Improvements	1,810,552	1,810,552
Furniture and Equipment	146,133	146,133
Total	2,034,210	2,034,210
Less: Accumulated Depreciation	(1,528,762)	(1,482,421)
Total Property and Equipment	505,448	551,789
Total Assets	\$ 4,229,833	\$ 4,601,041
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 68,903	\$ 93,189
Community Program Distributions Payable	249,984	312,739
Donor Designations Payable	327,781	426,918
Deferred Revenue	917	8,486
Total Current Liabilities	647,585	841,332
NET ASSETS		
Without Donor Restrictions:		
Undesignated	462,857	428,493
Designated - Operating Reserve	450,000	450,000
Designated - Future Building and Grounds Needs	136,911	101,855
Designated - Future Grants	105,000	140,000
Invested in Property and Equipment, Net of Related Debt	505,448	551,789
Total Without Donor Restrictions	1,660,216	1,672,137
With Donor Restrictions	1,922,032	2,087,572
Total Net Assets	3,582,248	3,759,709
Total Liabilities and Net Assets	\$ 4,229,833	\$ 4,601,041

See accompanying Notes to Financial Statements.

UNITED WAY OF OLMSTED COUNTY, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2024
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2023)

	Without Donor Restrictions	With Donor Restrictions	Total	2023 Totals
REVENUE, SUPPORT, AND GAINS				
Current Campaign to Date	\$ -	\$ 2,210,955	\$ 2,210,955	\$ 2,536,394
Prior Campaign	258,125	-	258,125	124,615
Less: Donor Designations	(2,067)	(327,512)	(329,579)	(425,587)
Less: Estimated Uncollectible Pledges	-	(82,911)	(82,911)	(95,115)
Net Campaign Contributions	<u>256,058</u>	<u>1,800,532</u>	<u>2,056,590</u>	<u>2,140,307</u>
Uncollected Pledges Adjustments	20,697	-	20,697	33,481
Grant Income	580,199	96,500	676,699	655,158
Other Contributions	109,106	-	109,106	102,457
In-Kind Contributions	50,143	-	50,143	32,691
Special Events	13,175	-	13,175	54,787
Net Investment Income (Loss)	155,472	-	155,472	(90,728)
Other Income	5,090	-	5,090	6,468
Endowment Distribution	25,280	-	25,280	25,900
Building Rental Income, Net	(11,285)	-	(11,285)	(23,797)
Net Assets Released from Restrictions	<u>2,062,572</u>	<u>(2,062,572)</u>	<u>-</u>	<u>-</u>
Total Revenue, Support, and Gains	<u>3,266,507</u>	<u>(165,540)</u>	<u>3,100,967</u>	<u>2,936,724</u>
EXPENSES AND LOSSES				
Program Services Expense:				
Advocacy, Grant Making, and Result Tracking	1,602,432	-	1,602,432	1,786,751
Internal Community Initiatives	<u>767,927</u>	<u>-</u>	<u>767,927</u>	<u>686,743</u>
Total Program Expenses	2,370,359	-	2,370,359	2,473,494
Supporting Services Expense:				
Management and General	378,572	-	378,572	321,747
Fundraising	<u>529,497</u>	<u>-</u>	<u>529,497</u>	<u>731,403</u>
Total Supporting Services Expenses	908,069	-	908,069	1,053,150
Total Expenses and Losses	<u>3,278,428</u>	<u>-</u>	<u>3,278,428</u>	<u>3,526,644</u>
CHANGE IN NET ASSETS	(11,921)	(165,540)	(177,461)	(589,920)
Net Assets - Beginning of Year	<u>1,672,137</u>	<u>2,087,572</u>	<u>3,759,709</u>	<u>4,349,629</u>
NET ASSETS - END OF YEAR	<u>\$ 1,660,216</u>	<u>\$ 1,922,032</u>	<u>\$ 3,582,248</u>	<u>\$ 3,759,709</u>

See accompanying Notes to Financial Statements.

UNITED WAY OF OLDMSTED COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2024
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2023)

	Program Services				Totals		
	Advocacy, Grant Making, and Result Tracking	Internal Community Initiatives (Pages 19-20)	Total	Management and General	Fundraising	2024	2023
Impact Grants and Awards	\$ 1,408,795	\$ -	\$ 1,408,795	\$ -	\$ -	\$ 1,408,795	\$ 1,656,211
Less: Donor Designations	(329,579)	-	(329,579)	-	-	(329,579)	(425,587)
Impact Grants and Awards, Net	1,079,216	-	1,079,216	-	-	1,079,216	1,230,624
Salaries and Wages	337,877	398,298	736,175	215,859	271,432	1,223,466	1,214,528
Employee Benefits	71,914	43,295	115,209	51,943	49,431	216,583	226,904
Payroll Taxes	24,926	30,007	54,933	12,910	19,916	87,759	92,499
Total	434,717	471,600	906,317	280,712	340,779	1,527,808	1,533,931
Program Expense	8,324	201,228	209,552	-	-	209,552	191,439
Fees for Professional Services	3	3,220	3,223	37,290	70,432	110,945	234,628
Advertising	12,853	8,329	21,182	400	42,706	64,288	21,934
Donor Relationship Management	115	684	799	65	7,180	8,044	16,020
Supplies	1,068	6,932	8,000	3,974	9,007	20,981	16,257
Technology	11,825	20,165	31,990	15,334	27,787	75,111	73,272
Occupancy	8,083	16,610	24,693	4,853	6,665	36,211	37,389
Equipment Rental	2,103	4,155	6,258	740	758	7,756	9,570
Conferences, Conventions, and Training	7,797	9,626	17,423	20,608	6,391	44,422	43,882
Meetings and Food	3,634	8,245	11,879	373	1,329	13,581	9,247
Travel	1,528	10,285	11,813	(1,706)	716	10,823	7,286
Insurance	989	1,532	2,521	11,389	778	14,688	12,973
Special Events	-	-	-	-	6,842	6,842	34,455
Depreciation	-	-	-	-	-	-	2,250
Building Expenses	-	-	-	178,030	-	178,030	192,048
Membership Dues and Subscriptions	26,500	1,073	27,573	3,517	4,052	35,142	39,926
Miscellaneous	3,677	4,243	7,920	1,023	4,075	13,018	11,561
Total	1,602,432	767,927	2,370,359	556,602	529,497	3,456,458	3,718,692
Expenses Included With Revenue on the Statement of Activities	-	-	-	(178,030)	-	(178,030)	(192,048)
Building Expenses	-	-	-	(178,030)	-	(178,030)	-
Total Expenses Included in the Expense Section on the Statement of Activities	\$ 1,602,432	\$ 767,927	\$ 2,370,359	\$ 378,572	\$ 529,497	\$ 3,278,428	\$ 3,526,644

See accompanying Notes to Financial Statements.

UNITED WAY OF OLMSTED COUNTY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2024
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (177,461)	\$ (589,920)
Adjustments to Reconcile Change in Net Assets to Net Cash (Used) by Operating Activities:		
Depreciation and Amortization	46,341	46,109
Uncollected Pledges Adjustment	62,214	61,634
Realized and Unrealized (Gain) Loss on Investments	(103,260)	150,791
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(6,371)	(35,017)
Grants Receivable	(6,922)	-
Promises to Give, Net	135,710	191,257
Prepaid Expenses and Other Assets	14,086	(3,684)
Accounts Payable	(24,286)	15,982
Community Program Distributions Payable	(62,755)	20,371
Donor Designations Payable	(99,137)	(56,055)
Deferred revenue	(7,569)	(29,511)
Net Cash Used by Operating Activities	(229,410)	(228,043)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(778,494)	(739,252)
Proceeds from Sales of Investments	1,158,526	816,110
Purchases of Property and Equipment	-	(24,430)
Net Cash Provided by Investing Activities	380,032	52,428
NET CHANGE IN CASH AND CASH EQUIVALENTS	150,622	(175,615)
Cash and Cash Equivalents - Beginning of Year	569,816	745,431
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 720,438	\$ 569,816
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS		
Contributed Supplies Received	\$ 42,143	\$ 32,691
Contributed Services Received	8,000	-
Total	\$ 50,143	\$ 32,691

See accompanying Notes to Financial Statements.

UNITED WAY OF OLMSTED COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2023)

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Organization

The United Way of Olmsted County, Inc. (the Organization) is a 501(c)(3) nonprofit organization organized under the laws of the state of Minnesota. It is a community building organization, founded in 1925, governed by a volunteer board of directors, with a mission of "United people and resources to improve lives in our community," to advance the common good in the areas of education, health, and financial stability.

Working together with organizations and individuals throughout Olmsted County, the Organization is changing and improving lives not only in the moment of need but for the long-term. The majority of revenues come from the annual campaign. The campaign raises both restricted and unrestricted funds. The unrestricted funds are awarded to local projects and organizations by local volunteers who serve on funding review teams of the Organization and are approved by the board of directors.

Advocacy, Grant Making, and Result Tracking

This program service category includes convening the community to address key issues, assess community needs, provide outcome measurement training to various entities in the community, provide program assessment, review and selection of programs, administer grants, provide financial and stewardship oversight of grant recipients, provide capacity building for agencies, advocate for causes, and participate in community partnerships to advance common goals.

Internal Community Initiatives

This program service category includes focus on several internal initiatives, managed by United Way staff and/or contracted to outside vendors, to further our work and create measurable impact on our community.

Comparative Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the audited financial statements for the year ended March 31, 2023, from which the summarized information was derived.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Investments

The Organization records investment purchases at cost, or if donated, at the fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment returns and losses are reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

UNITED WAY OF OLMSTED COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2023)

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to level of risk associated with certain investments securities, it is reasonably possible that changes in the fair value of the investments will occur in the near term and that such change could materially affect the amounts reported in the statement of financial position.

Pledges Receivable

Pledges receivable are due within one campaign collection cycle. Pledges are recorded as receivables and allowances are provided for amounts estimated to be uncollectible. The provision for uncollectible pledges is computed based upon historical averages, adjusted by management's estimate of current economic factors applied to the gross campaign.

Property and Equipment

The Organization records property and equipment additions over \$1,500 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 2 to 30 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Community Program Distributions Payable

Specific commitments to fund Community Programs on a monthly basis through a specific future date are recorded as community program distributions payable.

Net Assets

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, future building and grounds needs, and future grants.

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.

UNITED WAY OF OLMSTED COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2023)

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

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. 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.

Revenue and Revenue Recognition

Revenue is recognized when earned. Deferred revenue consists of fees or presold tickets deemed to be exchange transactions that relate to future periods, as well as sponsorships received in advance of future special events, which the resource provider is receiving commensurate value in return or a right of return exists if the event does not occur. 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.

Annual campaigns are conducted to raise support for pressing community needs. Amounts collected in current campaigns for future awards are recognized as net assets with donor restrictions in the statement of activities until the period of award. All other support is considered available for use unless specifically restricted by the donor.

Donated Services and In-Kind Contributions

Contribution of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period receive. The contributions presented on the accompanying statement of activities includes contributed materials and services valued at \$50,143 and \$32,691 for the years ended March 31, 2024 and 2023, respectively.

Advertising Costs

Advertising costs are expensed as incurred and totaled \$64,288 and \$21,934 during the years ended March 31, 2024 and 2023, respectively.

Designation Processing and Membership Requirement M Compliance

Designations to other charitable organizations are charged a handling fee to cover the cost of fundraising and administration of these gifts.

UNITED WAY OF OLMSTED COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2023)

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Designation Processing and Membership Requirement M Compliance (Continued)

United Way of Olmsted County, Inc. follows costs deduction standards for membership requirement M. issued by United Way Worldwide to ensure uniformity of designation processing across the entire United Way system. This standard requires that designations paid to other charitable organizations are charged no more than the actual cost incurred to process and transfer gifts and that no additional processing fees will be charged against designations received from the United Ways. Handling fees do not exceed the established maximum of a three-year average of fundraising and management and general cost as a percentage of total revenue taken from the three most recent Internal Revenue Service forms 990. The United Way Board of Directors reviews the handling fee on an annual basis.

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among program, management and general, and fundraising. Direct personnel costs and other direct expenses that can be identified are allocated directly according to their natural expense classification. Salary, indirect personnel costs and other indirect expenses that are common to several functions are allocated to each functional expense category based on employee time records.

Income Taxes

The Organization is classified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income taxes. As such, it is subject to federal and state income taxes on net unrelated business income.

The Organization follows the accounting standards for contingencies in evaluating uncertain tax positions and files as a tax-exempt organization. Should that status be challenged in the future, all years since inception could be subject to review by the Internal Revenue Service.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and unsecured receivables. Management believes the Organization's cash balances are maintained with quality financial institutions in order to offset the risk of loss that may occur when balances exceed the Federal Deposit Insurance Corporation limits on each account of \$250,000. The ability to collect pledges resulting from resource recruitment efforts is affected by general economic conditions in Olmsted County.

UNITED WAY OF OLMSTED COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2023)

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Organization leases office equipment. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the statement of financial position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities on the statement of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the balance sheet.

The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

There were no material long-term leases subject to ASC 842 for the years ended March 31, 2024 and 2023.

Change in Accounting Principle

The Organization has adopted Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the Organization's financial statements.

Subsequent Events

The Organization has evaluated subsequent events through June 28, 2024, the date the financial statements were available to be issued.

UNITED WAY OF OLMSTED COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2023)

NOTE 2 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.

At March 31, 2024 and 2023, the following financial assets could be readily made available within one year of the statement of financial position date to meet general expenditures:

	2024	2023
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 720,438	\$ 569,816
Investments	1,557,141	1,833,913
Accounts Receivable	6,372	1
Grants Receivable	114,121	107,199
Promises to Give, Net	1,294,243	1,492,167
Total Financial Assets at Year-End	3,692,315	4,003,096
Less: Amount Not Available to Meet General Expenditures Within One Year:		
Board-Designated Assets	(691,911)	(691,855)
Restricted by Donors	(1,922,032)	(2,087,572)
Financial Assets Available to Meet General Expenditures Within One Year	\$ 1,078,372	\$ 1,223,669

NOTE 3 INVESTMENTS

The following is a summary of investments at March 31, 2024:

	Cost	Fair Value
U.S. Equity Funds	\$ 396,045	\$ 497,859
International Equity Funds	68,771	89,536
Fixed Income Funds	913,065	870,997
Other, Fixed Income	76,945	78,296
Other Investments	13,958	20,453
Total	\$ 1,468,784	\$ 1,557,141
Investment Return is Summarized as Follows:		
Interest, Dividends, and Capital Gains, Net	\$ 52,212	
Realized and Unrealized Net Gain	103,260	
Total	\$ 155,472	

UNITED WAY OF OLMSTED COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2023)

NOTE 3 INVESTMENTS (CONTINUED)

The following is a summary of investments at March 31, 2023:

	Cost	Fair Value
U.S. Equity Funds	\$ 410,277	\$ 424,628
International Equity Funds	114,901	128,564
Fixed Income Funds	1,166,297	1,123,612
Other Fixed Income	107,586	109,323
Other Investments	48,793	47,786
Total	<u>\$ 1,847,854</u>	<u>\$ 1,833,913</u>

Investment Return is Summarized as Follows:

Interest, Dividends, and Capital Gains, Net	\$ 60,063
Realized and Unrealized Net Loss	(150,791)
Total	<u>\$ (90,728)</u>

NOTE 4 FAIR VALUE MEASUREMENTS AND DISCLOSURES

The Organization reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

UNITED WAY OF OLMSTED COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2023)

NOTE 4 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

The following table presents assets and liabilities measured at fair value on a recurring basis at March 31, 2024 and 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>March 31, 2024</u>				
U.S. Equity Funds	\$ 497,859	\$ -	\$ -	\$ 497,859
International Equity Funds	89,536	-	-	89,536
Fixed Income Funds	870,997	-	-	870,997
Other Fixed Income	-	78,296	-	78,296
Other Investments	20,453	-	-	20,453
Total	<u>\$ 1,478,845</u>	<u>\$ 78,296</u>	<u>\$ -</u>	<u>\$ 1,557,141</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>March 31, 2023</u>				
U.S. Equity Funds	\$ 424,628	\$ -	\$ -	\$ 424,628
International Equity Funds	128,564	-	-	128,564
Fixed Income Funds	1,123,612	-	-	1,123,612
Other Fixed Income	-	109,323	-	109,323
Other Investments	47,786	-	-	47,786
Total	<u>\$ 1,724,590</u>	<u>\$ 109,323</u>	<u>\$ -</u>	<u>\$ 1,833,913</u>

NOTE 5 PLEDGES RECEIVABLE

Pledges receivable at March 31, 2024 and 2023 are summarized as follows:

	2022 Campaign Without Donor Restrictions	2023 Campaign With Donor Restrictions	Total
<u>Year Ended March 31, 2024</u>			
Pledges Receivable	\$ 32,087	\$ 1,367,669	\$ 1,399,756
Less: Allowance for Uncollectible Pledges	(22,602)	(82,911)	(105,513)
Total	<u>\$ 9,485</u>	<u>\$ 1,284,758</u>	<u>\$ 1,294,243</u>
	2021 Campaign Without Donor Restrictions	2022 Campaign With Donor Restrictions	Total
<u>Year Ended March 31, 2023</u>			
Pledges Receivable	\$ 119,444	\$ 1,626,505	\$ 1,745,949
Less: Allowance for Uncollectible Pledges	(113,511)	(140,271)	(253,782)
Total	<u>\$ 5,933</u>	<u>\$ 1,486,234</u>	<u>\$ 1,492,167</u>

UNITED WAY OF OLMSTED COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2023)

NOTE 5 PLEDGES RECEIVABLE (CONTINUED)

At March 31, 2024, one donor accounted for 24% of total pledges receivable. One contributor accounted for approximately 17% of total campaign contribution revenue for the year ended March 31, 2024.

At March 31, 2023, one donor accounted for 27% of total pledges receivable. One contributor accounted for approximately 17% of total campaign contribution revenue for the year ended March 31, 2023.

NOTE 6 LEASES

The United Way Services Building, which is owned by the Organization, is approximately 75% occupied by various nonprofit agencies and 25% by the Organization. The nonprofit agency leases are generally for a two to five-year period and expire between July 2024 and September 2025.

Future base rental income from the leases are as follows:

<u>Year Ending March 31,</u>	<u>Operating Leases</u>
2025	\$ 101,905
2026	10,528
Total	<u>\$ 112,433</u>

All agencies, including the Organization, are charged rent based on space occupied. In addition to the monthly base rental income, all building operating costs are allocated and charged to all agencies, including the Organization. The Organization's share of rent and operating costs are recorded as expenses and allocated to the programs and supporting services in the statement of functional expenses. Following is a summary of rental activities for the years ended March 31, 2024 and 2023:

	2024	2023
Revenue:		
Rental Income and Expense Reimbursements	\$ 166,745	\$ 168,251
Expenses:		
Insurance	6,601	6,100
Utilities	34,932	35,208
Care of Building and Grounds	82,356	99,081
Interest Expense	-	38
Management Fees	7,800	7,762
Total Expenses Before Depreciation	131,689	148,189
Depreciation Expense	46,341	43,859
Total Expenses	178,030	192,048
Net Rental Loss	\$ (11,285)	\$ (23,797)

UNITED WAY OF OLMSTED COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2023)

NOTE 7 ENDOWMENT FUND

The United Way of Olmsted County Endowment was organized to support the charitable and human care activities consistent with the mission of United Way of Olmsted County. The endowment assets are held by the Rochester Area Foundation and are not reflected in the financial statements of the Organization. The balance of the endowment was \$518,270 at March 31, 2024.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods.

	2024	2023
Subject to the Passage of Time:		
Community Grant Making and Operations for the Next Year	\$ 1,922,032	\$ 2,087,572
Total Net Assets with Donor Restrictions	\$ 1,922,032	\$ 2,087,572

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended March 31:

	2024	2023
Expiration of Time Restrictions	\$ 2,062,572	\$ 2,248,571
Total Net Assets Released from Donor Restrictions	\$ 2,062,572	\$ 2,248,571

NOTE 9 DONATED PROFESSIONAL SERVICES AND MATERIALS

The Organization received donated professional services and materials as follows during the years ended March 31:

	Advocacy, Grant Making, and Result Tracking	Internal Community Initiatives	Management and General	Fundraising and Development	Total
<u>March 31, 2024</u>					
Professional Services	\$ -	\$ -	\$ 8,000	\$ -	\$ 8,000
Program Expenses	-	42,143	-	-	42,143
Total	\$ -	\$ 42,143	\$ 8,000	\$ -	\$ 50,143

UNITED WAY OF OLMSTED COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2023)

NOTE 9 DONATED PROFESSIONAL SERVICES AND MATERIALS (CONTINUED)

	Advocacy, Grant Making, and Result Tracking	Internal Community Initiatives	Management and General	Fundraising and Development	Total
<u>March 31, 2023</u>					
Conferences, Conventions, and Training	\$ -	\$ -	\$ -	\$ 195	\$ 195
Program Expenses	-	32,496	-	-	32,496
Total	<u>\$ -</u>	<u>\$ 32,496</u>	<u>\$ -</u>	<u>\$ 195</u>	<u>\$ 32,691</u>

The Organization received donated supplies. The donated supplies are measured at fair value and totaled \$42,143 and \$32,691 for the years ended March 31, 2024 and 2023, respectively. Fair value of supplies received is determined based on the market price of similar goods available from the vendor.

All donated supplies received by the Organization for the years ended March 31, 2024 and 2023 were considered without donor restrictions and able to be used by the Organization as determined by the board of directors and management.

NOTE 10 FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Direct allocation: if an expense can be directly attributed to an initiative, it is posted to that initiative or function. Indirect allocation based on usage: Certain copier machines allow for counts. Costs for these machines are allocated based on usage. Indirect allocation based on time: Overhead expenses are allocated to departments based on time spent working within these departments or initiatives. These expenses include, but are not limited to, wage, benefits, rent, insurance, and office supplies.

NOTE 11 RETIREMENT PLAN

The Organization sponsors a defined contribution retirement plan covering substantially all employees. The Organization contributes twice the employee's contribution up to a maximum of 9% of the employee's gross income. Employer contributions for the years ended March 31, 2024 and 2023 was \$58,569 and \$60,951, respectively.

UNITED WAY OF OLMSTED COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2023)

NOTE 12 FUNDRAISING CAMPAIGN RESULTS

All unconditional promises to give which were received during the campaign period are recorded in the statement of activities as campaign contributions unless the donor used the Organization to facilitate its contribution to a specified third-party beneficiary for which the Organization acts as an intermediary. When the Organization acts as the intermediary, promises to give are recorded as pledges receivable offset by a liability entitled donor designations payable in the statement of financial position. All unconditional promises to give are due in less than one year.

The campaign results for the five previous years are as follows:

<u>Year Ended March 31,</u>	<u>Amount</u>
2023	\$ 2,213,061
2022	2,800,368
2021	2,858,639
2020	3,064,592
2019	3,235,480

*2023 results are based on information available as of March 31, 2024.

NOTE 13 RELATED PARTIES

There are members of the board of directors of the Organization who hold management positions within the organizations that receive community program distributions from the Organization. Board members of the Organization declare conflicts of interest annually and before any decision related to their conflict. These declarations are recorded in the organizational documents and board minutes. Total grant expense to these organizations totaled \$178,733 and \$636,500 for the years ended March 31, 2024 and 2023, respectively. Total community program distributions payable at March 31, 2024 and 2023 were \$37,500 and \$152,877, respectively.

UNITED WAY OF OLMPSTED COUNTY, INC.
SCHEDULE OF FUNCTIONAL INTERNAL INITIATIVE PROGRAM SERVICE EXPENSES
YEAR ENDED MARCH 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	
Running Start for School	211	Get Connected	Imagination Library	Free Tax Preparation	Community Schools	Cradle to Career	Total	
Salaries and Wages	\$ 13,630	\$ 3,385	\$ 3,838	\$ 8,700	\$ 4,552	\$ 10,849	\$ 353,344	\$ 398,298
Employee Benefits	3,267	670	923	1,183	1,079	1,779	34,394	43,295
Payroll Taxes	992	252	276	671	326	806	26,684	30,007
Total	17,889	4,307	5,037	10,554	5,957	13,434	414,422	471,600
Program Expense	47,366	-	-	90,364	18,912	-	44,586	201,228
Fees for Professional Services	-	-	-	-	-	-	3,220	3,220
Advertising	970	-	-	150	-	-	7,209	8,329
Donor Relationship Management	-	-	387	177	-	-	120	684
Supplies	1,766	445	-	361	-	-	4,360	6,932
Technology	984	945	4,099	1,000	953	976	11,208	20,165
Occupancy	1,200	1,056	1,071	1,165	981	1,085	10,052	16,610
Equipment Rental	507	513	528	524	543	502	1,038	4,155
Conferences, Conventions, and Training	-	-	-	-	-	-	9,626	9,626
Meetings and Food	11	-	-	203	-	-	8,031	8,245
Travel	-	-	-	-	-	-	10,285	10,285
Insurance	30	13	16	46	19	26	1,382	1,532
Membership Dues and Subscriptions	-	-	-	116	-	90	867	1,073
Miscellaneous	4	-	5	3	1	-	4,230	4,243
Total	\$ 70,727	\$ 7,279	\$ 11,143	\$ 104,663	\$ 27,366	\$ 16,113	\$ 530,636	\$ 767,927

UNITED WAY OF OLMSTED COUNTY, INC.
SCHEDULE OF FUNCTIONAL INTERNAL INITIATIVE PROGRAM SERVICE EXPENSES (CONTINUED)
YEAR ENDED MARCH 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

Program Descriptions:

- (1) Running Start for School mobilizes the community to collect backpacks and school supplies through the summer months and then distributes the donated supplies to local schools for children who are eligible for free or reduced lunch.
- (2) 211 is a free, confidential, and multilingual human service information and referral resource available by phone, text, online chat, and online self-search. Information is available 24 hours a day on a variety of topics including childcare, counseling, food, health services, housing, legal assistance, transportation, volunteering, and more.
- (3) Get Connected, United Way's online tool to connect volunteers to opportunities and events, allows people to volunteer with local organizations that fit the volunteer's schedule and interests.
- (4) Imagination Library provides children living in Olmsted County the opportunity to receive a free, age-appropriate book in the mail each month from birth to their fifth birthday. Each book is selected for the developmental benefits it brings.
- (5) The VITA free tax preparation initiative connects low- to moderate-income families to opportunities to file their taxes for free.
- (6) A community school is both a place and set of collective partnerships between Rochester Public Schools, United Way of Olmsted County, the individual school site, and other community resources. United Way of Olmsted County serves as a lead partner with Rochester Public Schools to facilitate the partnership and organize community resources to support student success at seven sites, Gage Elementary, Riverside Central Elementary, Franklin Elementary, John Adams Middle School, Phoenix Academy, John Marshall High School and Rochester Alternative Learning Center. Each site has goals established in the areas of Attendance, Behavior and Curriculum improvements and utilizes Results Based Accountability to track growth.
- (7) Cradle 2 Career is a community wide Initiative that utilizes the nationally recognized Strive Together model to implement a multi-year, multi-phase program to improve educational outcomes in our community and ensure every child and young adult succeeds cradle to career, through shared purpose, alignment and accountability among community partners. United Way of Olmsted County is one of several partner organizations and serves a variety of roles within the community wide initiative, including administrative support, data support and leadership.


Audit Certification

CEO/CFO Financial Statement Certification

CERTIFICATION


I hereby certify that:

1. I have read the audited financial statements of United Way of Olmsted County, Inc. for the year ended March 31, 2024.
2. Based on my knowledge, these financial statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading.
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present, in all material respects, the financial condition, results of operations and cash flows of United Way of Olmsted County, Inc. as of and for the year ended March 31, 2024.



President

Date 7-25-24



Chief Financial Officer

Date 7-25-24