

UNITED WAY OF STEELE COUNTY
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**UNITED WAY OF STEELE COUNTY
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9



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 statements of financial position as of December 31, 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 Steele County as of December 31, 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 (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
August 5, 2024

**UNITED WAY OF STEELE COUNTY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022**

	2023	2022
ASSETS		
Cash and Cash Equivalents	\$ 428,879	\$ 493,818
Investments	657,569	612,420
Grants Receivable	10,957	24,469
Other Current Assets	1,305	1,168
Pledges Receivable, Net	433,134	480,075
Property and Equipment, Net	225	1,127
Operating Lease Right-of-Use Asset	29,928	7,673
Total Assets	\$ 1,561,997	\$ 1,620,750
LIABILITIES AND NET ASSETS		
LIABILITIES		
Grants Payable to Agencies	\$ 574,361	\$ 564,383
Pledges Due to Other Counties	3,988	4,475
Accounts Payable	7,196	6,512
Payroll Taxes Payable	1,027	1,059
Right-of-Use Lease Liability - Operating	30,102	7,673
Total Liabilities	616,674	584,102
NET ASSETS		
Without Donor Restrictions		
Board-Designated	945,323	1,031,129
With Donor Restrictions	-	5,519
Total Net Assets	945,323	1,036,648
Total Liabilities and Net Assets	\$ 1,561,997	\$ 1,620,750

See accompanying Notes to Financial Statements.

**UNITED WAY OF STEELE COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
CHANGES IN NET ASSETS			
Annual Campaign	\$ 779,632	\$ -	\$ 779,632
Less: Donor Designations	(4,466)	-	(4,466)
Less: Uncollectible Pledges	(26,835)	-	(26,835)
Net Campaign Revenue	748,331	-	748,331
Other In-Kind Donations	8,092	-	8,092
Special Event Income	75,718	-	75,718
Other Grants	231,936	-	231,936
Other Contributions	17,107	-	17,107
Other Income	12,650	-	12,650
Investment Income	55,847	-	55,847
Net Assets Released from Restriction	5,519	(5,519)	-
Total Income	1,155,200	(5,519)	1,149,681
EXPENSES			
Program Services	933,309	-	933,309
Supporting Services	307,697	-	307,697
Total Expenses	1,241,006	-	1,241,006
DECREASE IN NET ASSETS	(85,806)	(5,519)	(91,325)
Net Assets - Beginning of Year	1,031,129	5,519	1,036,648
NET ASSETS - END OF YEAR	\$ 945,323	\$ -	\$ 945,323

See accompanying Notes to Financial Statements.

**UNITED WAY OF STEELE COUNTY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
CHANGES IN NET ASSETS			
Annual Campaign	\$ 777,804	\$ -	\$ 777,804
Less: Donor Designations	(5,457)	-	(5,457)
Less: Uncollectible Pledges	(35,108)	-	(35,108)
Net Campaign Revenue	737,239	-	737,239
SAMHSA In-Kind Donations	34	-	34
Other In-Kind Donations	8,020	-	8,020
Special Event Income	41,702	-	41,702
SAMHSA Grants	7,874	-	7,874
Other Grants	393,392	-	393,392
Other Contributions	17,124	1,695	18,819
Other Income	11,414	-	11,414
Investment Loss	(75,225)	-	(75,225)
Net Assets Released from Restriction	26,541	(26,541)	-
Total Income	1,168,115	(24,846)	1,143,269
EXPENSES			
Program Services	948,800	-	948,800
Supporting Services	285,281	-	285,281
Total Expenses	1,234,081	-	1,234,081
DECREASE IN NET ASSETS	(65,966)	(24,846)	(90,812)
Net Assets - Beginning of Year	1,097,095	30,365	1,127,460
NET ASSETS - END OF YEAR	\$ 1,031,129	\$ 5,519	\$ 1,036,648

See accompanying Notes to Financial Statements.

**UNITED WAY OF STEELE COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023**

	Program Services			Supporting Services			Total Expenses
	United Way Programs	Other Grants	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Impact Grants and Awards	\$ 588,638	\$ 10,891	\$ 599,529	\$ 18,846	\$ -	\$ 18,846	\$ 618,375
Less: Donor Designations	(4,466)	-	(4,466)	-	-	-	(4,466)
Impact Grants and Awards, Net	584,172	10,891	595,063	18,846	-	18,846	613,909
Salaries	(22,548)	120,062	97,514	37,683	88,715	126,398	223,912
Fringe Benefits	9,690	7,441	17,131	7,334	14,896	22,230	39,361
Payroll Taxes	1,284	6,185	7,469	2,831	6,809	9,640	17,109
Total Employee Expense	(11,574)	133,688	122,114	47,848	110,420	158,268	280,382
Professional Fees	11,455	26,504	37,959	18,419	8,047	26,466	64,425
Office Expense	2,596	919	3,515	1,844	853	2,697	6,212
Postage	269	252	521	1,007	104	1,111	1,632
Office Rent and Utilities	14,121	-	14,121	10,416	10,042	20,458	34,579
Computer Expense	1,527	860	2,387	2,179	1,855	4,034	6,421
Staff Expense	199	13,532	13,731	111	504	615	14,346
Insurance	2,088	-	2,088	1,384	1,566	2,950	5,038
Advertising	-	54,072	54,072	48	-	48	54,120
Campaign Promotion	11,223	15,677	26,900	4,452	47,225	51,677	78,577
Meetings Expense	5,911	1,542	7,453	718	-	718	8,171
Dues and Subscriptions	6,302	1,357	7,659	1,712	3,992	5,704	13,363
Workshops	600	7,766	8,366	5,172	45	5,217	13,583
Imagination Library	27,313	-	27,313	-	-	-	27,313
Other	2,325	4,403	6,728	2,392	180	2,572	9,300
Total Nonemployee Expense	85,929	126,884	212,813	49,854	74,413	124,267	337,080
Depreciation	-	-	-	902	-	902	902
Total Operations	658,527	271,463	929,990	117,450	184,833	302,283	1,232,273
United Way of America Dues	3,319	-	3,319	2,707	2,707	5,414	8,733
Total Expense	<u>\$ 661,846</u>	<u>\$ 271,463</u>	<u>\$ 933,309</u>	<u>\$ 120,157</u>	<u>\$ 187,540</u>	<u>\$ 307,697</u>	<u>\$ 1,241,006</u>

See accompanying Notes to Financial Statements.

**UNITED WAY OF STEELE COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022**

	Program Services			Supporting Services			Total Expenses
	United Way Programs	Other Grants	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Impact Grants and Awards	\$ 577,899	\$ 795	\$ 578,694	\$ 12,090	\$ -	\$ 12,090	\$ 590,784
Less: Donor Designations	(5,457)	-	(5,457)	-	-	-	(5,457)
Impact Grants and Awards, Net	572,442	795	573,237	12,090	-	12,090	585,327
Salaries	9,847	84,169	94,016	32,170	92,151	124,321	218,337
Fringe Benefits	9,891	7,538	17,429	4,456	12,839	17,295	34,724
Payroll Taxes	1,242	6,238	7,480	1,986	7,260	9,246	16,726
Total Employee Expense	20,980	97,945	118,925	38,612	112,250	150,862	269,787
Professional Fees	14,940	29,095	44,035	21,296	10,810	32,106	76,141
Office Expense	3,529	8,484	12,013	2,228	619	2,847	14,860
Postage	796	-	796	769	183	952	1,748
Office Rent and Utilities	13,774	-	13,774	7,486	10,188	17,674	31,448
Computer Expense	80	1,205	1,285	856	4,873	5,729	7,014
Staff Expense	150	32,938	33,088	342	248	590	33,678
Insurance	2,095	-	2,095	1,331	1,625	2,956	5,051
Advertising	972	63,941	64,913	-	128	128	65,041
Campaign Promotion	4,777	12,026	16,803	55	43,704	43,759	60,562
Meetings Expense	5,291	621	5,912	1,169	19	1,188	7,100
Dues and Subscriptions	2,474	1,593	4,067	1,685	2,674	4,359	8,426
Workshops	800	23,352	24,152	935	38	973	25,125
Imagination Library	25,979	-	25,979	-	-	-	25,979
Other	2,273	374	2,647	2,608	263	2,871	5,518
Total Nonemployee Expense	77,930	173,629	251,559	40,760	75,372	116,132	367,691
Depreciation	-	-	-	902	-	902	902
Total Operations	671,352	272,369	943,721	92,364	187,622	279,986	1,223,707
United Way of America Dues	5,079	-	5,079	1,841	3,454	5,295	10,374
Total Expense	<u>\$ 676,431</u>	<u>\$ 272,369</u>	<u>\$ 948,800</u>	<u>\$ 94,205</u>	<u>\$ 191,076</u>	<u>\$ 285,281</u>	<u>\$ 1,234,081</u>

See accompanying Notes to Financial Statements.

**UNITED WAY OF STEELE COUNTY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in Net Assets	\$ (91,325)	\$ (90,812)
Net Realized and Unrealized (Gains) Losses on Investments	(37,890)	87,851
Depreciation	902	902
Amortization of ROU Assets	15,172	13,200
Adjustments to Reconcile Decrease in Net Assets to Net Cash Provided (Used) by Operating Activities:		
(Increase) Decrease in Operating Assets:		
Interest Receivable	-	5
Other Current Assets	(137)	(190)
Pledge Receivables	46,941	61,862
Grant Receivables	13,512	(8,758)
Increase (Decrease) in Operating Liabilities:		
Grants Payable	9,978	(14,417)
Deferred Revenue	-	(900)
Pledges Due to Other Counties	(487)	(1,395)
Accounts Payable	684	4,875
Payroll Taxes Payable	(32)	(646)
Operating lease assets and liabilities	(14,998)	(13,200)
Net Cash Provided (Used) by Operating Activities	(57,680)	38,377
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(335,697)	(381,028)
Proceeds from Sale of Investments	328,438	147,781
Net Cash Used by Investing Activities	(7,259)	(233,247)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(64,939)	(194,870)
Cash and Cash Equivalents - Beginning of Year	493,818	688,688
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 428,879	\$ 493,818

See accompanying Notes to Financial Statements.

**UNITED WAY OF STEELE COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

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, 2023 AND 2022**

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 \$524,852 and \$695,520, respectively, that have not been recognized at December 31, 2023 and 2022 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, rent and materials for the years ended December 31, 2023 and 2022, with a fair value on the dates of donation of \$3,622 and \$3,617 in program expenses, \$4,167 and \$3,364 in fundraising expenses, and \$303 and \$1,073 in operational expenses, respectively.

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.

**UNITED WAY OF STEELE COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

**UNITED WAY OF STEELE COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations of Risk (Continued)

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.

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.

**UNITED WAY OF STEELE COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value (Continued)

The following table presents the balances of assets and liabilities measured at fair value on a recurring basis as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Equity Mutual Funds	\$ 264,390	\$ -	\$ -	\$ 264,390
Fixed Income Mutual Funds	168,551	-	-	168,551
Annuities	99,884	-	-	99,884
Total	<u>\$ 532,825</u>	<u>\$ -</u>	<u>\$ -</u>	532,825
*Certificates of Deposit				124,744
				<u>\$ 657,569</u>

The following table presents the balances of assets and liabilities measured at fair value on a recurring basis as of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Equity Mutual Funds	\$ 226,615	\$ -	\$ -	\$ 226,615
Fixed Income Mutual Funds	158,800	-	-	158,800
Annuities	102,005	-	-	102,005
Total	<u>\$ 487,420</u>	<u>\$ -</u>	<u>\$ -</u>	487,420
*Certificates of Deposit				125,000
				<u>\$ 612,420</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.

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and lease liability, and finance leases are included in finance lease ROU asset and lease liability in the statements 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. In the event 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 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 statements of financial position.

**UNITED WAY OF STEELE COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Certain lease agreements include annual increase in rental payments based on the change in the consumer price index (CPI) if positive. Lease liabilities are not remeasured as a result of changes in the CPI; instead, changes in the CPI are treated as variable lease payments and are excluded from the measurement of the right-of-us asset and lease liability. These payments are recognized in the period in which the related obligation was incurred. The variable lease cost recognized and disclosed for those leases in 2023 and 2022 was \$328 and \$562.

The Organization’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In determining the discount rate used to measure the right-of-use asset and lease liability, the Organization uses rates implicit in the lease, or if not readily available, a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition and disclosure through August 5, 2024, 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, 2023.

	<u>Cost</u>	<u>Fair Value</u>
Equity Mutual Funds	\$ 207,264	\$ 264,390
Fixed Income Mutual Funds	181,753	168,551
Certificates of Deposit	124,838	124,744
Annuities	99,978	99,884
Total	<u>\$ 613,833</u>	<u>\$ 657,569</u>

Investment Return is Summarized as Follows

Interest and Dividends, Net	\$ 15,915
Capital Gains	2,042
Realized and Unrealized Net Gain	<u>37,890</u>
Total	<u>\$ 55,847</u>

**UNITED WAY OF STEELE COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 2 INVESTMENTS (CONTINUED)

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, 2022.

	<u>Cost</u>	<u>Fair Value</u>
Equity Mutual Funds	\$ 191,358	\$ 226,615
Fixed Income Mutual Funds	177,144	158,800
Certificates of Deposit	125,000	125,000
Annuities	100,000	102,005
Total	<u>\$ 593,502</u>	<u>\$ 612,420</u>

Investment Return is Summarized as Follows

Interest and Dividends, Net	\$ 8,579
Capital Gains	4,047
Realized and Unrealized Net Loss	(87,851)
Total	<u>\$ (75,225)</u>

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>2023</u>	<u>2022</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	472,790	558,596
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>\$ 945,323</u>	<u>\$ 1,031,129</u>

NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2023</u>	<u>2022</u>
Imagination Library	\$ -	\$ 5,519
Total	<u>\$ -</u>	<u>\$ 5,519</u>

**UNITED WAY OF STEELE COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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

	<u>2023</u>	<u>2022</u>
Imagination Library	\$ 5,519	\$ 26,541
Total	<u>\$ 5,519</u>	<u>\$ 26,541</u>

NOTE 5 LEASES – ASC 842

The Organization leases office facilities under a long-term, non-cancelable lease agreement. The lease expires July 31, 2025. The lease provides for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to a maximum of no greater than 4%. Additionally, the lease requires the Organization to pay its pro rata share of monthly triple net operating costs such as waste management, common utilities, window cleaning, real estate tax, building insurance, and lawn and snow maintenance.

The following table provides quantitative information concerning the Organization's leases.

	<u>2023</u>	<u>2022</u>
Lease Costs		
Operating Lease Costs	\$ 15,873	\$ 13,200
Variable Lease Cost	328	562
Total Lease Costs	<u>\$ 16,201</u>	<u>\$ 13,762</u>
Other Information		
Operating Cash Flows from Operating Leases	\$ 15,700	\$ 13,200
Right-of-use assets obtained in exchange for new operating lease liabilities:	\$ 37,427	\$ -
Weighted-Average Remaining Lease Term - Operating Leases	1.6 Years	0.6 Years
Weighted-Average Discount Rate - Operating Leases	4.92%	1.37%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2023, is as follows:

<u>Year Ending December 31,</u>	<u>Operating Leases</u>
2024	\$ 19,584
2025	11,648
Total Lease Payments	31,232
Less: Imputed interest	(1,130)
Present Value of Lease Liabilities	<u>\$ 30,102</u>

**UNITED WAY OF STEELE COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

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 2023 and 2022 of the employee's qualified compensation to the plan. For the years ended December 31, 2023 and 2022, this contribution amount was \$5,878 and \$5,449, respectively.

NOTE 7 RELATED PARTY TRANSACTIONS

The Organization pays dues to United Way Worldwide. During the years ended December 31, 2023 and 2022, the Organization paid dues of \$8,733 and \$10,374, 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:

	2023	2022
Financial Assets at Year-End		
Cash and Cash Equivalents	\$ 428,879	\$ 493,818
Investments	657,569	612,420
Pledges Receivable	433,134	480,075
Grants and Other Receivables	10,957	24,469
Total Financial Assets at Year-End	1,530,539	1,610,782
Less: Amounts Not Available to Meet General Expenditures Within One Year		
Net Assets With Donor Restrictions	-	(5,519)
Board Designated	(945,323)	(1,031,129)
Financial Assets Available to Meet General Expenditures Within One Year	\$ 585,216	\$ 574,134

**UNITED WAY OF STEELE COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 9 IN-KIND REVENUE

A portion of the Organization's office lease is an in-kind donation. Rent is measured at fair value and totaled \$2,000 and \$2,400 for the years ended December 31, 2023 and 2022. Fair value of rent is determined to be the market rate paid for the space.

The Organization also received in-kind revenue services and materials to support its programs and operations. These contributions are recognized at their fair value and totaled \$6,092 and \$5,654 during the years ended December 31, 2023 and 2022, respectively. Fair value is determined based on the market price of similar goods and services.

A portion of the Organization's in-kind revenue resulted from a requirement under a grant agreement to obtain a certain amount of in-kind services and materials and were therefore restricted as to use. In-kind services and material received under this grant totaled \$-0- and \$34 during the years ended December 31, 2023 and 2022, respectively. All other donated services, rent and materials received by the Organization for the years ended December 31, 2023 and 2022 were considered without donor restrictions and able to be used by the Organization as determined by the board of directors and management.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.