

UNITED WAY OF CENTRAL MINNESOTA, INC.

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2018

SCHLENNER WENNER & CO.
Certified Public Accountants
& Business Consultants

UNITED WAY OF CENTRAL MINNESOTA, INC.
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OUR MISSION

To improve people's lives by mobilizing the caring power of Central Minnesota.

United Way
of Central Minnesota



OUR FOCUS



Access to Food



Quality Out of School Time



Financial Stability



Early Learning/ Early Literacy



Homelessness

Who We Are

OUR FIGHT

Join the FIGHT - learn more at unitedwayhelps.org

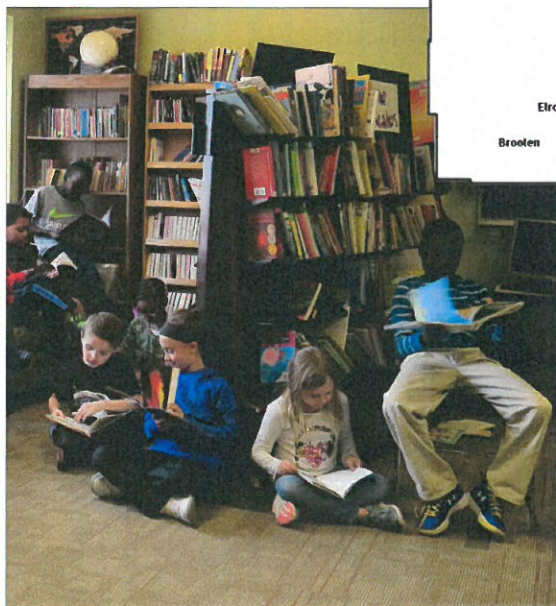


YOUNITED *we* FIGHT TOGETHER *we* WIN

OUR POSITION

United Way of Central Minnesota connects resources to accelerate community wide solutions.

YOUNITED we fight to create positive change.



**United Way
of Central Minnesota**
Serving Central Minnesota
since 1967

Give. Advocate. Volunteer. **LIVE UNITED**

unitedwayhelps.org · 320.252.0227

2017-2019 United Way Investments

Homelessness

- Youth House – Catholic Charities
- Hope Community Support – Catholic Charities
- Supportive Housing for Youth (SHY) – Catholic Charities
- Domus Transitional Housing – Catholic Charities
- St. Cloud Area Crisis Nursery – Lutheran Social Services
- Living Hope Center – Place of Hope Ministries
- Emergency Shelter – Anna Marie's Alliance
- Emergency Shelter – The Salvation Army
- Legal Services – Mid-Minnesota Legal Aid
- Recovery Plus – St. Cloud Hospital
- Conflict Resolution Skills for Homeless Youth – Conflict Resolution Center
- United Way 2-1-1 – United Way of Central Minnesota
- Volunteer Connection – United Way of Central Minnesota

Access to Food

- Club Meal Program & Healthy Habits – Boys & Girls Clubs of Central Minnesota
- CROSS Center Food Shelf – CROSS Center of Benton County
- Simply Good Cooking/Cooking Matters – Reach-Up, Inc.
- Emergency Services Food Shelf – Catholic Charities
- Senior Dining Meals on Wheels – Catholic Charities
- Food Pantry – The Salvation Army
- Home Delivered Meals – St. Cloud Hospital
- Food Distribution & Delivery – Retired & Senior Volunteer Program (RSVP)/City of St. Cloud
- Community Meal Program – Helping Hands Outreach
- Supplemental Nutrition Assistance Program (SNAP) – Tri-CAP
- Summer Food Service – The Yes Network
- CareerONE – Career Solutions
- Community Garden Leaders – Central MN Sustainability Project
- United Way 2-1-1 – United Way of Central Minnesota
- Volunteer Connection – United Way of Central Minnesota

Financial Stability

- CareerONE – Career Solutions
- Child Care Liaison – Milestones
- Community Furniture Program – Central MN Re-Entry Project
- Emergency Services Financial Assistance Program – Catholic Charities
- Financial and Housing Counseling – Catholic Charities
- Emergency Shelter – Anna Marie's Alliance
- Legal Services – Mid-Minnesota Legal Aid
- Money Matters – Boys & Girls Clubs of Central Minnesota
- Providing Real Opportunities for Financial Independence & Training (PROFIT) – Independent Lifestyles
- Self Sufficiency Program – Tri-CAP
- Third Age University – Whitney Senior Center/ City of St. Cloud
- Senior LinkAge Line – Central MN Council on Aging
- Employment Services & Career Education – Resource, Inc.
- Immigrant/Refugee Women and Girls Job Placement – Community Grassroots Solutions
- United Way 2-1-1 – United Way of Central Minnesota
- Volunteer Connection – United Way of Central Minnesota

Early Learning/Early Literacy

- Family & Caregiver Support – Arc Midstate
- Cultural Transition Program – Catholic Charities
- Central MN Foster Grandparent Program – Catholic Charities
- Strengthening Families Parenting Project – 9 School District Collaborative/District #47
- Early Childhood Mental Health Services – The Village Family Service Center
- Educational Enrichment – Retired & Senior Volunteer Program (RSVP)/City of St. Cloud
- Greater St. Cloud Area Thrive – Sauk Rapids-Rice School District #47
- Kindergarten Transition Services – Reach-Up Inc.
- Latino Parent Child Group/La Fuerza de Los Padres – St. Cloud State University
- MN Reading Corps in St. Cloud – ServeMinnesota
- Project Learn – Boys & Girls Clubs of Central Minnesota
- Early Literacy Project – Milestones
- I Have A Dream – The Yes Network
- Imagination Library – United Way of Central Minnesota
- United Way 2-1-1 – United Way of Central Minnesota
- Volunteer Connection – United Way of Central Minnesota

Quality Out of School Time

- ARISE (A Recreational Inclusion Support Endeavor) – St. Cloud Area School District #742 Community Education
- Leadership Pathway Scholarships – Girl Scouts of MN & WI Lakes & Pines
- Girls Scouts in ACTION – Girl Scouts of MN & WI Lakes & Pines
- Youth Services – Central MN Sexual Assault Center
- Youth Development Scholarships – St. Cloud Area Family YMCA
- Academic Support and Mentoring Program – Community Grassroots Solutions
- School Youth Program & Life Choices – Anna Marie's Alliance
- KIDSTOP & Club Scholarships – Boys & Girls Clubs of Central Minnesota
- Support & Advocacy for Independent Living (SAIL) – Catholic Charities
- Scoutreach – Central MN Council - Boy Scouts of America
- Bridge Program – Promise Neighborhood of Central MN
- Youth Mentoring – Big Brothers Big Sisters of Central Minnesota
- Mentoring & Life Skills Development – Central MN Youth for Christ
- After School Enhancement – Retired Senior & Volunteer Program (RSVP)/City of St. Cloud
- Leading and Learning Together (Bel Clare) – Hands Across the World
- CareerONE – Career Solutions
- SMART Kids – The Salvation Army
- United Way 2-1-1 – United Way of Central Minnesota
- Volunteer Connection – United Way of Central Minnesota

UNITED WAY NEIGHBORHOOD RESOURCE CENTERS

United Way of Central Minnesota FIGHTS for students living in poverty and works to reduce barriers to their success.

We know:

- One in five children in Minnesota is living in poverty.
- A hungry child needs a full stomach to pay attention in class, but more than 90% of students at our largest elementary schools qualify for free and reduced lunch and may not eat properly during nights and weekends.
- Children need a consistent learning environment, but over 60% of students at two local schools departed during the last school year due to financial instability.

United Way believes that supporting parents will reduce stress at home and improve children's chances for long-term education and employment. To do so, United Way has developed Neighborhood Resource Centers at Lincoln Elementary and Discovery Community School – where **Community Resource Navigators are employed to help families find employment, access affordable childcare, utilize emergency basic needs services, negotiate legal issues, resolve outstanding medical bills, and register for insurance.**

- Kori Carter works at Lincoln Elementary School in Southeast St. Cloud and specializes in community engagement and parent empowerment.
- Sadam Omar works at Discovery Community School in Waite Park and focuses on elevating community voices and creating on-site partnerships.

Both Neighborhood Resource Centers are guided by a Site Council of parents, program partners, school administrators, and teachers designed to provide ongoing feedback, assess community needs, and identify opportunities for impact.

Highlights of the first year's partnership with the school's include creation of:

Family Nights: More than 300 community members at Lincoln and 500 at Discovery attended each school's first fun activity nights where parents, teachers, and school staff interacted and built community!

Summer United: Partners such as GREAT Theatre, KIDSTOP, The Yes Network, Waite Park Police Department, Boy Scouts, and more came together to transform four half-day weeks of summer school at Lincoln and Discovery into eight weeks of free summer camp available all day!

The short-term goals of United Way Neighborhood Resource Centers are:

- decrease school transition rates
- increase parent involvement
- increase student attendance

All contributing to:

student success: improved reading and math scores

*We believe this community has the caring power to support families living in poverty and reduce barriers to student success so that Central Minnesota has a future that is **bright, prosperous, and united.***



UNITED WAY NEIGHBORHOOD RESOURCE CENTERS

United Way of Central Minnesota fights for students living in poverty and works to reduce barriers to their success.

Last year the United Way Neighborhood Resource Center Navigators . . .

Assisted
35
families in locating
emergency
housing

Helped
20
families navigate
health care and
insurance issues

Guided
12
families in finding
affordable
childcare

Connected
33
families to
food access
programs

Supported
20
families by
identifying
emergency energy
assistance

GOALS

Families Attending Fall Parent Conferences

Baseline

82% Attendance rate

OUR GOAL

90% Attendance rate

Transition Rate

Baseline

Two-year average 57%

OUR GOAL

Decrease rate to 50%

3rd to 5th Grade Reading Proficiency

Baseline

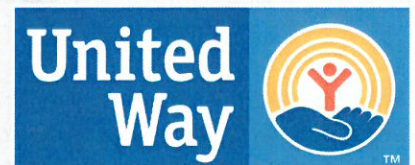
35% Proficiency level

OUR GOAL

50% Proficiency level

OUR GOAL

Distribute countless numbers of winter clothing items, shoes, school supplies, birthday bags, and many more services!



**Discovery Elementary School Baseline numbers*

INDEPENDENT AUDITORS' REPORT

December 5, 2018

To the Board of Directors
United Way of Central Minnesota, Inc.
St. Cloud, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Central Minnesota, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2018, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, collectively the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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St. Cloud
320.251.0286

Little Falls
320.632.6311

Albany
320.845.2940

Maple Lake
320.963.5414

Monticello
763.295.5070

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Central Minnesota, Inc. as of June 30, 2018, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The management discussion and analysis is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Report on Summarized Comparative Information

We have previously audited United Way of Central Minnesota, Inc.'s 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 20, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

SCHLENNER WENNER & CO.

St. Cloud, Minnesota

UNITED WAY OF CENTRAL MINNESOTA, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2017

ASSETS		2018	2017
CURRENT ASSETS			
Cash and Cash Equivalents (Note B)	\$	623,420	\$ 619,339
Campaign Pledges Receivable, Net of Allowance for Doubtful Pledges (Note F)		1,111,585	1,110,231
Other Pledges Receivable (Note G)		247,433	55,000
Grants Receivable		83,169	10,750
Other Receivables		85,919	82,233
Prepaid Expenses		46,176	50,411
TOTAL CURRENT ASSETS		2,197,702	1,927,964
LONG-TERM ASSETS			
Investments (Notes C, D and E)		1,995,488	1,951,946
Other Pledges Receivable (Note G)		114,831	143,042
Property and Equipment, Net of Accumulated Depreciation (Note H)		911,519	943,633
		3,021,838	3,038,621
TOTAL ASSETS	\$	5,219,540	\$ 4,966,585
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable	\$	77,526	\$ 15,509
Fiscal Agent Liabilities (Note J)		44,911	72,398
Accrued Salary Expenses		46,785	41,856
Due to Designated Agencies		141,953	161,350
Accrued Interest		890	978
Deferred Revenue		98,651	30,791
Current Maturities of Long-Term Debt (Note I)		31,307	30,127
TOTAL CURRENT LIABILITIES		442,023	353,009
LONG-TERM DEBT, LESS CURRENT MATURITIES (NOTE I)		273,712	305,111
TOTAL LIABILITIES		715,735	658,120
NET ASSETS			
Unrestricted (Note A)			
Available for Operations		733,307	555,621
Board Designated Reserves		1,936,375	2,105,056
Total Unrestricted Net Assets		2,669,682	2,660,677
Temporarily Restricted (Note A)		1,783,558	1,597,223
Permanently Restricted Endowments		50,565	50,565
TOTAL NET ASSETS		4,503,805	4,308,465
TOTAL LIABILITIES AND NET ASSETS	\$	5,219,540	\$ 4,966,585

UNITED WAY OF CENTRAL MINNESOTA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017

				2018	2017
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals (Memorandum Only)	
PUBLIC SUPPORT AND REVENUE					
Gross Annual Campaign Contributions	\$ -	\$ 3,173,135	\$ -	\$ 3,173,135	\$ 3,363,522
Less: Designations to Other Agencies	-	(233,572)	-	(233,572)	(209,644)
Less: Provision for Uncollectible	-	(110,811)	-	(110,811)	(119,855)
Net Annual Campaign Contributions	-	2,828,752	-	2,828,752	3,034,023
Private Grants	-	124,727	-	124,727	56,994
Service Fees	42,397	16,410	-	58,807	60,243
Program Contributions	-	421,751	-	421,751	411,025
Lease Revenue	12,986	-	-	12,986	6,900
In-Kind Revenue	-	29,299	-	29,299	217,627
Investment Income (Expense)	60,536	-	-	60,536	61,806
Unrealized Gain (Loss)	19,006	-	-	19,006	41,506
Net Assets Released from Restrictions	3,234,604	(3,234,604)	-	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	3,369,529	186,335	-	3,555,864	3,890,124
EXPENSES					
Program Services	2,566,150	-	-	2,566,150	2,756,343
Supporting Services:					
Administrative	288,695	-	-	288,695	283,647
Fundraising	505,679	-	-	505,679	577,920
TOTAL EXPENSES	3,360,524	-	-	3,360,524	3,617,910
CHANGE IN NET ASSETS	9,005	186,335	-	195,340	272,214
NET ASSETS, Beginning of Year	2,660,677	1,597,223	50,565	4,308,465	4,036,251
NET ASSETS-End of Year	\$ 2,669,682	\$ 1,783,558	\$ 50,565	\$ 4,503,805	\$ 4,308,465

See accompanying notes.

UNITED WAY OF CENTRAL MINNESOTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017

	Program Services				Supporting Services			2018	2017
								Totals (Memorandum Only)	
	Community Impact	Imagination Library	Volunteer Connection, 2-1-1, and Other Program Services	Total	Administration	Fundraising	Total		
EXPENSES									
Funds Distributed	\$ 2,070,906	\$ -	\$ -	\$ 2,070,906	\$ -	\$ -	\$ -	\$ 2,070,906	\$ 2,239,644
Less: Donor Designations	(233,572)	-	-	(233,572)	-	-	-	(233,572)	(209,644)
SUBTOTAL	1,837,334	-	-	1,837,334	-	-	-	1,837,334	2,030,000
Wages and Benefits	276,979	5,350	45,005	327,334	156,739	327,665	484,404	811,738	820,956
Payroll Taxes	18,005	352	2,828	21,185	13,290	31,701	44,991	66,176	62,679
SUBTOTAL	294,984	5,702	47,833	348,519	170,029	359,366	529,395	877,914	883,635
Contract Services	15,775	-	21,500	37,275	24,016	16,752	40,768	78,043	84,661
Office Supplies	1,708	100	-	1,808	1,145	877	2,022	3,830	2,514
Telephone	5,082	-	325	5,407	3,181	3,425	6,606	12,013	13,391
Postage	550	2,073	1,409	4,032	1,491	2,759	4,250	8,282	6,961
Office Rent	2,686	-	-	2,686	1,806	1,454	3,260	5,946	43,226
Moving Expenses	-	-	-	-	-	-	-	-	4,178
Occupancy Expense	31,603	-	3,000	34,603	24,336	17,107	41,443	76,046	47,683
Printing	4,388	-	-	4,388	3,462	2,991	6,453	10,841	18,847
Books and Materials	202	183,587	457	184,246	-	-	-	184,246	203,995
Transportation	2,465	175	883	3,523	563	3,333	3,896	7,419	7,171
Staff and Volunteer Development	3,482	8	270	3,760	2,713	1,838	4,551	8,311	12,821
Meetings and Events	11,081	66	4,242	15,389	5,308	31,800	37,108	52,497	63,314
Bank and Other Fees	494	-	-	494	10,834	631	11,465	11,959	11,629
Insurance	3,592	-	-	3,592	2,702	1,944	4,646	8,238	7,403
Dues and Subscriptions	18,680	-	175	18,855	14,241	9,876	24,117	42,972	42,464
Public Awareness and Media	9,895	-	7,037	16,932	6,590	30,250	36,840	53,772	31,142
Awards and Recognition	1,269	-	204	1,473	454	1,390	1,844	3,317	5,201
In-Kind Expense	4,310	11,724	4,765	20,799	-	8,500	8,500	29,299	60,992
Depreciation	16,099	-	-	16,099	12,111	8,714	20,825	36,924	29,654
Interest Expense	4,936	-	-	4,936	3,713	2,672	6,385	11,321	7,028
SUBTOTAL	138,297	197,733	44,267	380,297	118,666	146,313	264,979	645,276	704,275
TOTAL FUNCTIONAL EXPENSES	<u>\$ 2,270,615</u>	<u>\$ 203,435</u>	<u>\$ 92,100</u>	<u>\$ 2,566,150</u>	<u>\$ 288,695</u>	<u>\$ 505,679</u>	<u>\$ 794,374</u>	<u>\$ 3,360,524</u>	<u>\$ 3,617,910</u>

See accompanying notes.

UNITED WAY OF CENTRAL MINNESOTA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017

	2018	2017
CASH FLOWS - OPERATING ACTIVITIES		
Cash Received from Public Support	\$ 3,240,731	\$ 3,502,598
Net Investment Income	60,536	61,806
Lease Revenue	12,986	6,900
Cash Paid to Agencies, Suppliers and Employees	(3,250,607)	(3,515,681)
Net Cash Flows - Operating Activities	<u>63,646</u>	<u>55,623</u>
CASH FLOWS - INVESTING ACTIVITIES		
Sale of Securities	150,000	150,000
Purchase of Securities	(174,536)	(120,152)
Purchase of Property and Equipment	(4,810)	(798,169)
Net Cash Flows - Investing Activities	<u>(29,346)</u>	<u>(768,321)</u>
CASH FLOWS - FINANCING ACTIVITIES		
Proceeds from Long-Term Debt	-	350,000
Payments on Long-Term Debt	(30,219)	(14,762)
Net Cash Flows - Financing Activities	<u>(30,219)</u>	<u>335,238</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,081	(377,460)
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>619,339</u>	<u>996,799</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 623,420</u>	<u>\$ 619,339</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH USED BY OPERATING ACTIVITIES		
Change in Net Assets	\$ 195,340	\$ 272,214
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	36,924	29,654
Change In Allowance for Doubtful Pledges	156,073	(69,604)
In-Kind Property and Equipment	-	(157,908)
Unrealized (Gain) Loss on Investments	(19,006)	(41,506)
Changes in Assets and Liabilities:		
Campaign Pledges Receivable	(157,427)	133,169
Other Pledges Receivable	(164,222)	(59,145)
Grants Receivable	(72,419)	1,250
Other Receivables	(3,686)	(34,550)
Prepaid Expenses	4,235	21,937
Accounts Payable	62,017	(6,898)
Fiscal Agent Liabilities	(27,487)	5,173
Accrued Salary Expenses	4,929	(8,631)
Due to Designated Agencies	(19,397)	(6,001)
Accrued Interest Payable	(88)	978
Deferred Revenue	67,860	(24,509)
NET CASH - OPERATING ACTIVITIES	<u>\$ 63,646</u>	<u>\$ 55,623</u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Disposal of Fully Depreciated Fixed Assets	\$ 4,090	\$ 35,179
In-Kind Donations	\$ 29,299	\$ 217,627
Interest	\$ 11,409	\$ 6,050

UNITED WAY OF CENTRAL MINNESOTA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
WITH COMPARATIVE TOTALS FOR THE YEAR END JUNE 30, 2017

NOTE A SUMMARY OF NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

This summary of the nature of operations and significant accounting policies of United Way of Central Minnesota, Inc. (the Organization) is presented to assist in understanding the Organization's financial statements.

Nature of Operations

The Organization is a 501(c)(3) charitable organization incorporated in 1967 under the laws of the State of Minnesota and governed by a volunteer Board of Directors.

The mission of the Organization is to improve people's lives by mobilizing the caring power of Central Minnesota. The Organization works to accomplish this mission by bringing people and resources together to develop lasting solutions to critical community issues. Community donors provide resources by investing dollars, volunteering time, and advocating for the Organization and its mission. The Organization has chosen to focus and accelerate community wide solutions in two main community impact areas; Basic Needs and Education. Within these two impact areas there are five primary goals. They address Homelessness, Access to Food, Financial Stability, Quality Out-of-School Time and Early Learning/Early Literacy. In early 2017 applications were accepted for a new two year funding cycle to begin on July 1, 2017. A team of community volunteers reviewed the applications and made funding recommendation to the board of directors which were approved in April 2017. In addition to funding external agencies, the Organization supports programs that fulfill the mission including Imagination Library; an early literacy program that provides free age appropriate books to children in our service area from birth to age five, United Way 2-1-1; a 24 hours help line that provides free and confidential information and referrals for community resources, and United Way Volunteer Connection; a platform that connects area volunteers with opportunities at more than 100 local non-profit agencies. In the fall of 2017, the Organization launched United Way Neighborhood Resource Centers – where Community Resource Navigators are employed to help families find employment, access to affordable childcare, utilize emergency basic needs services, negotiate legal issues, resolve outstanding medical bills, and register for insurance. United Way Neighborhood Resource Centers are in place at Lincoln Elementary School in Southeast St. Cloud, and at Discovery Community School in Waite Park.

Basis of Accounting

The financial statements of United Way of Central Minnesota, Inc. have been prepared on the accrual basis of accounting. Accordingly, revenue is recognized as it is earned and expenses are recorded as incurred.

Basis of Presentation

The Organization follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) *Not-for-Profit Entities* topic 958. The topic establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally (donor) imposed restrictions. The topic also requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions. A description of the three net assets categories follows.

Unrestricted – net assets that are not subject to any donor-imposed restrictions.

Temporarily Restricted – net assets subject to donor-imposed restrictions that can be met either by actions of the Organization and/or the passage of time.

Permanently Restricted – net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. The donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

The Organization has elected to present temporarily restricted contributions and investment earnings which are fulfilled in the same time period within the unrestricted net asset class.

UNITED WAY OF CENTRAL MINNESOTA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
WITH COMPARATIVE TOTALS FOR THE YEAR END JUNE 30, 2017

NOTE A SUMMARY OF NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recognition of Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Temporarily restricted net assets consist primarily of funds generated from the current year campaign that have not yet been received and funds restricted by donors for specific purposes.

Temporarily restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions and reported in the Statement of Activities as net assets released from restriction. During the year ended June 30, 2018, net assets released from restriction total \$3,234,604.

Gifts restricted for the purchase of property, equipment or improvements are reported as temporarily restricted until the acquired assets are placed in service, unless the donor stipulates otherwise. All such gifts are recorded at fair value at time of donation.

Permanently restricted net assets consist entirely of endowment funds.

In-Kind Contributions

The Organization recognizes contributed goods and services as revenue and expense if such services meet the criteria for recognition in accordance with generally accepted accounting principles. In-kind items, consisting primarily of equipment, supplies, food and beverages, advertising, HR consultation, and video production services are recorded at fair value at the time of donation. In-kind capital items, revenue and expense totals \$29,299 and \$217,627 for the years ended June 30, 2018 and 2017, respectively.

The Organization also receives a significant amount of donated services from unpaid volunteers who assist with annual workplace campaign solicitations, administrative duties, and various committee assignments. No amounts have been recognized in the statement of activities because the criteria for recognition under FASB ASC Topic 958, *Not-for-Profit Entities* have not been satisfied.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies 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.

Concentrations

The Organization maintains its cash and cash equivalents at several separate financial institutions, which, at times, may exceed federally insured limits. At June 30, 2018 and 2017, the Organization's uninsured cash balances total \$174,026 and \$100,599, respectively. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant custodial risk on cash.

Investments

Investments consist of marketable securities. The Organization's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note E for discussion of fair value measurements. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

UNITED WAY OF CENTRAL MINNESOTA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
WITH COMPARATIVE TOTALS FOR THE YEAR END JUNE 30, 2017

NOTE A SUMMARY OF NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Campaign Pledges Receivable and Allowance for Doubtful Pledges

Campaign Pledges Receivable consist primarily of pledges received during the Annual Campaign. Campaign pledges receivable are carried at fair value and are recorded as revenue when pledged. An allowance for doubtful pledges is provided for amounts estimated to be uncollectible from the Annual Campaign. The allowance is based on prior years' collection experience and management's analysis of current economic conditions and specific pledges made. Campaign pledges receivable are written off when deemed uncollectible. Recoveries of pledges previously written off are recorded as unrestricted revenue when received.

Pledge Processing

The Organization allows donors to designate all or a portion of their Annual Campaign gifts to eligible 501(c)(3) or other charitable organizations. These transactions are reported in the Statement of Activities as part of the current year annual campaign contributions and are then deducted as amounts designated to other organizations to arrive at net annual campaign contributions. Amounts so deducted are carried as liabilities until collected from donors and paid to the designated charitable organizations.

Designation Fees and Standard M Compliance

Designations to other charitable organizations are charged a handling fee to cover the cost of fundraising and administration of these gifts. Fees charged by the Organization follow Standard M, issued by United Way Worldwide in 2004 to ensure uniformity of designation processing across the entire United Way system. Standard M 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 other United Ways. Handling fees do not exceed the established maximum of a three year average of fundraising and management and general costs as a percentage of total revenue taken from the three most recent Internal Revenue Service (IRS) forms 990. Designation processing fees are recorded as revenue and a receivable and are collected through payment of the net amount to the designated charities.

Other Receivables

Other receivables consist primarily of pledges received from employees at companies that have contracted with the Organization to administer United Way campaigns at their locations outside of the St. Cloud area. These receivables are held in trust for the United Way organizations that serve employees at those out-of-area company locations. A corresponding liability due to designated agencies is established for these pledges when they are received. Both the receivable and the corresponding liability are reduced when pledges are received and paid out or when deemed uncollectible, accordingly, no allowance for uncollectible amounts is deemed necessary for these receivables. At June 30, 2018 and 2017, other receivables total \$85,919 and \$82,233, respectively.

Grants Receivable

Grants receivable are carried at fair value, are considered fully collectible, and due within one year. No allowance for uncollectible amounts is considered necessary at year end.

Property and Equipment

Property and equipment are carried at historical cost. Major additions and betterments in excess of \$1,000 are charged to the property accounts while replacements, maintenance, and repairs that do not improve or extend the life of the respective assets are expensed in the current period.

Depreciation

Depreciation is computed using the straight line method for financial reporting purposes. Depreciation of property and equipment is based on useful lives ranging between three and forty years.

Deferred Revenue

Deferred revenue consists of grants deemed to be exchange transactions that will be fulfilled within one year.

UNITED WAY OF CENTRAL MINNESOTA, INC.
NOTES TO THE FINANCIAL STATEMENTS
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NOTE A SUMMARY OF NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Board Designated Net Assets

In 2018, the Organization's Board of Directors approved the designation of the following unrestricted net assets with the purpose of balancing the following objectives:

1. Maintain adequate liquidity to ensure the ability to withstand short-term interruption of revenue,
2. Maintain adequate capital reserves to enable as needed repairs, upgrades, and replacement to facilities and equipment,
3. Respond to urgent community needs within the mission of the Organization, and
4. Maintain long-term Organizational viability.

In doing so, the policy designates reserve for the areas of Property and Equipment, Operations, Building and Capital Improvements, and Community Impact. The balance of unrestricted net assets, less the above noted reserves, is undesignated. Annually, the Board of Directors will designate reserves within the classifications as defined below.

The Property and Equipment Reserve shall be recorded at the net book value of property and equipment, net of long term debt. At June 30, 2018, the Property and Equipment Reserves total \$606,499.

The Operating Reserve shall be maintained to fund operational expenses, including allocations and program services, for a period of not less than four months. At June 30, 2018, the Operating Reserves total \$1,191,032.

The Building and Capital Improvements Reserve shall be maintained for the purpose of funding capital improvements to sustain property value, a quality work environment, safety standards, etc. The reserves shall be recorded to reflect the anticipated capital expenditure needs for a period of not less than five years, as stated on the annually approved Capital Expenditures Budget. At June 30, 2018, the Building and Capital Improvement Reserves total \$88,844.

The Community Impact Reserve shall be maintained for the purpose of funding community initiatives that further the mission of the Organization; improving the lives of people in Central Minnesota. The reserves will empower staff to move forward on new key initiatives, responding to urgent needs, and capitalizing on momentum behind good work. At June 30, 2018, the Community Impact Reserves total \$50,000.

Reserves designated by a previous policy and in effect at June 30, 2017, are included in the table below which summarizes board designations:

	2018	2017
Board Designated Reserves:		
Property and Equipment	\$ 606,499	\$ -
Operating Reserves	1,191,032	-
Building and Capital Improvements	88,844	-
Community Impact	50,000	-
Cash and Building Reserves	-	2,047,800
Unemployment Reserve	-	57,256
	<hr/>	<hr/>
Total Board Designated Net Assets	\$ 1,936,375	\$ 2,105,056

UNITED WAY OF CENTRAL MINNESOTA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
WITH COMPARATIVE TOTALS FOR THE YEAR END JUNE 30, 2017

NOTE A SUMMARY OF NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Temporarily Restricted Net Assets

Temporarily Restricted Net Assets consist of pledges receivable and unexpended program-related contributions.

	2018	2017
Pledges Receivable	\$ 1,111,585	\$ 1,110,231
Multi Year Pledges	362,264	198,042
Bertha Lazer Fund	288,183	267,424
Imagination Library Fund	21,526	21,526
Balance at June 30	<u>\$ 1,783,558</u>	<u>\$ 1,597,223</u>

Allocation of Expenses

The cost of providing program services and other costs are reported on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Expenses that can be identified with a specific program or supporting service are allocated directly. Other expenses common to several functions are allocated based on full time equivalent employee method.

Advertising

The Organization expenses advertising costs as they are incurred. Such expense amounts to \$53,772 and \$31,142 for the years ended June 30, 2018 and 2017, respectively.

Fundraising Expense

The Organization expenses fundraising costs as they are incurred.

Comparative Amounts

The 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. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Income Taxes

The Organization follows FASB ASC Topic 740, *Uncertainty in Income Taxes*. The Organization is recognized by the Internal Revenue Service as a not-for-profit organization under IRS Code Section 501(c)(3). Due to the not-for-profit nature and provision of the Organization, all income and expenses attributable to the mission of the Organization are tax exempt and accordingly no provisions or liability for income taxes have been made in the financial statement and contributions to the Organization are tax deductible to donors as allowed by IRS regulations. However, the Organization is required to pay state and federal income taxes on unrelated business income. During the current year the Organization engaged in unrelated business activity and paid immaterial amounts of income taxes. The Organization is open and subject to examination generally for three years after the filing date.

The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the IRS Code and qualifies for tax deductible contributions as provided in Section 170(b)(1)(A)(vi). Contributions to the Organization are tax deductible to donors as allowed by IRS regulations.

Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation in the Organization's Basic Financial Statements. Such reclassifications have no impact on the change in net assets.

Subsequent Events

In accordance with FASB ASC Topic 855, *Subsequent Events*, the Organization has evaluated subsequent events through December 5, 2018, which is the date of these financial statements were available to be issued, and have determined there are no subsequent events that require recognition or disclosure.

UNITED WAY OF CENTRAL MINNESOTA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
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NOTE B CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of the following:

	2018	2017
Checking and Savings	\$ 408,061	\$ 274,145
US Treasury Bill or Money Market Accounts	215,359	345,194
Total Cash and Cash Equivalents	<u>\$ 623,420</u>	<u>\$ 619,339</u>

NOTE C UNRESTRICTED INVESTMENTS

Investments with a maturity date of one year or more are classified as long-term investments. The following investments are held at June 30, 2018 and 2017:

	Interest Rate	Maturity Date	2018	2017
US Treasury or US Backed Securities	Various	Various	<u>\$ 1,629,165</u>	<u>\$ 1,609,958</u>

NOTE D RESTRICTED INVESTMENTS

Imagination Library Fund – Temporarily Restricted

In 2010, a multi-year campaign celebrating the 5th Birthday of the Imagination Library Program was initiated to accumulate funds for the continuance of the program. Funds pledged during this campaign were to be utilized to fund current and future operations of the program with the amounts split equally between current and future funding. As pledges were received the amounts set aside for future funding needs were recorded in an Imagination Library Fund account and held within the operating fund account of the Organization. At both years ended June 30, 2018 and 2017, the Imagination Library Fund totals \$21,526.

Bertha Lazer Fund – Temporarily Restricted

Over time, the Organization has received funds from the Bertha Lazer Trust to be used for senior meal delivery programs. The Organization transferred the funds to the Central Minnesota Community Foundation and established the United Way/Bertha Lazer Fund. At June 30, 2018, the investment mix of the fund is approximately 80.1% equities, 19% fixed rate and 0.9% cash. The fund investments are valued at market for financial statement purposes.

The fund activity is as follows:

	2018	2017
Balance at July 1	\$ 267,424	\$ 237,708
Investment Income	5,815	3,062
Unrealized Gains	9,944	23,415
Realized Gains	7,356	5,673
Management Fees	(2,356)	(2,434)
Balance at June 30	<u>\$ 288,183</u>	<u>\$ 267,424</u>

Management Fees have been netted against investment revenues in the accompanying Statement of Activities.

UNITED WAY OF CENTRAL MINNESOTA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
WITH COMPARATIVE TOTALS FOR THE YEAR END JUNE 30, 2017

NOTE D RESTRICTED INVESTMENTS (Continued)

Operating Endowment Funds – Permanently Restricted

The Organization has established operating endowment funds to accumulate capital to fund operating expenses from the annual earnings. Contributions are maintained in cash and cash equivalents and in an operating endowment fund established for that purpose at the Central Minnesota Community Foundation. Operating endowment funds at June 30, 2018 and 2017 consist of:

	2018	2017
Long-Term Investments	\$ 78,140	\$ 74,564
Total Operating Endowment	<u>\$ 78,140</u>	<u>\$ 74,564</u>

The endowment fund activity is as follows:

	2018	2017
Balance at July 1	\$ 74,564	\$ 69,144
Withdrawals for Operations	(2,206)	(3,083)
Investment Income	1,614	1,619
Unrealized Gains	2,848	6,709
Realized Gains	2,041	875
Management Fees and Other Expenses	(721)	(700)
Balance at June 30	<u>\$ 78,140</u>	<u>\$ 74,564</u>

Reconciliation of Investments to Donor Permanently Restricted Net Assets

Permanently restricted net assets consist of the original amounts contributed to the Operating Endowment as noted above. These investments are carried at their fair market value in the asset section of the Statement of Financial Position. Following is a reconciliation of the investment balances to the donor permanently restricted net assets:

	2018 Operating Fund	2017 Operating Fund
Fair Market Value of Investments	\$ 78,140	\$ 74,564
Less: Cumulative Earnings	(27,575)	(23,999)
Permanently Restricted Net Assets	<u>\$ 50,565</u>	<u>\$ 50,565</u>

UNITED WAY OF CENTRAL MINNESOTA, INC.
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NOTE D RESTRICTED INVESTMENTS (Continued)

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the Minnesota Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies the endowment as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriate for expenditure by the Organization. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund,
- (2) The purposes of the Organization and the donor-restricted endowment fund,
- (3) General economic conditions,
- (4) The possible effect of inflation and deflation,
- (5) The expected total return from income and the appreciation of investments,
- (6) Other resources of the Organization, and
- (7) The investment policies of United Way of Central Minnesota, Inc.

Return Objectives and Risk Parameters

The Organization has transferred these funds to Central Minnesota Community Foundation (the Foundation) who determines the investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under this agreement, as approved by the Board of Directors, the endowment assets are invested and monitored closely in a manner that is directed by the Foundation under their prudent investment policy. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on the discretion of the Foundation as noted above to achieve a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE E FAIR VALUE MEASUREMENTS

Fair Value Measurements and Disclosures topic 820, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy are described below:

- | | |
|---------|---|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access. |
|---------|---|

UNITED WAY OF CENTRAL MINNESOTA, INC.
NOTES TO THE FINANCIAL STATEMENTS
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NOTE E FAIR VALUE MEASUREMENTS (Continued)

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant of the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at June 30, 2018 and 2017:

U.S. Government Securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Fixed Income Securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Equities: Valued at the closing price reported on the active market on which the individual securities are traded.

Alternatives: Valued at the closing price reported on the active market on which the individual securities are traded.

Endowments: Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

	Level 1	Total
U.S. Government Securities	\$ 562,059	\$ 562,059
Fixed Income Securities	516,169	516,169
Equities	448,470	448,470
Alternatives	102,467	102,467
Endowment Funds	366,323	366,323
Total Long Term Investments	<u>\$ 1,995,488</u>	<u>\$ 1,995,488</u>

UNITED WAY OF CENTRAL MINNESOTA, INC.
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NOTE F CAMPAIGN PLEDGES RECEIVABLE AND ALLOWANCE FOR DOUBTFUL PLEDGES

Campaign pledges receivable include current year Annual Campaign pledges, remaining pledges receivable from the previous Annual Campaign and early pledges received for the upcoming Annual Campaign. Annual Campaign pledges not collected by the end of the second fiscal year are charged against the allowance set aside for the pledge year. Campaign pledges receivable and the related allowances for doubtful pledges are listed below:

	2018	2017
Annual Campaign Pledges Receivable, Future Year	\$ -	\$ 6,777
Annual Campaign Pledges Receivable, Current Year	1,221,909	1,253,454
Less: Allowance for Doubtful Pledges	(117,598)	(150,000)
Annual Campaign Pledges Receivable, Prior Year, Net of Allowance for Doubtful Pledges	7,274	-
Net Annual Campaign Pledges Receivable	<u>\$ 1,111,585</u>	<u>\$ 1,110,231</u>

NOTE G OTHER PLEDGES RECEIVABLE

Multi-year pledges receivable include campaigns for the Building Remodeling and Maintenance and other multi-year campaigns. Multi-year pledges are recorded as current or long-term assets, depending on the estimated collection date and are included in contribution revenue in the year received. The long-term pledges are recorded at net present value using a discount rate of 4%. Other pledges receivable at June 30, 2018 and 2017, consist of:

	2018	2017
Receivable in less than one year	\$ 247,433	\$ 55,000
Receivable in one to five years	120,001	159,999
Total: Other Pledges Receivable	367,434	214,999
Less: Discounts to Net Present Value	(5,170)	(16,957)
Net: Other Pledges Receivable	<u>\$ 362,264</u>	<u>\$ 198,042</u>

NOTE H PROPERTY AND EQUIPMENT

At June 30, 2018 and 2017, property and equipment consist of the following:

	2018	2017
Property and Equipment	\$ 1,088,437	\$ 1,087,717
Less: Accumulated Depreciation	(176,918)	(144,084)
Net Property and Equipment	<u>\$ 911,519</u>	<u>\$ 943,633</u>

Depreciation expense totals \$36,924 and \$29,654 for the fiscal years ended June 30, 2018 and 2017, respectively.

UNITED WAY OF CENTRAL MINNESOTA, INC.
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NOTE I LONG-TERM DEBT

At June 30, 2018 and 2017, long-term debt consists of the following:

	June 30,	
	2018	2017
Note Payable - Office Building; Maturity date December 2026; Interest at 3.50%; Monthly payments of \$3,469 include principal and interest. Collateral pledged is a Bremer Wealth Management Investment Account with a carrying value of \$1,716,998.	\$ 305,019	\$ 335,238
Less: Current Maturities of Long-Term Debt	31,307	30,127
Long-Term Debt, Less Current Maturities	<u>\$ 273,712</u>	<u>\$ 305,111</u>

At June 30, 2018, estimated maturities of the debt obligation are as follows:

June 30,	Amount
2018	\$ 31,307
2019	32,578
2020	33,737
2021	34,937
2022	36,180
Thereafter	136,280
Total	<u>\$ 305,019</u>

The note contains cash flow covenants which must be met to maintain the loan in good standing. At June 30, 2018, the Organization is in compliance with such covenants.

NOTE J FISCAL AGENT LIABILITIES

The Organization acts as the fiscal agent for Partner For Student Success (PFSS); a community-wide initiative to help children in the community thrive, for St. Cloud Area Human Service Council (HSC); a program that connects key players to create positive community change, and for Feeding Area Children Together (FACT); an agency dedicated to reducing childhood hunger in central Minnesota. The related activity for these programs during the years ended June 30, 2018 and 2017 are as follows:

	Partner for Student Success	
	2018	2017
Cash, Beginning of Year	\$ 69,128	\$ 62,476
Receipts	78,544	98,313
Disbursements	(106,677)	(91,661)
Cash, End of Year	<u>\$ 40,995</u>	<u>\$ 69,128</u>

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NOTE J FISCAL AGENT LIABILITIES (Continued)

St. Cloud Human Service Council

	2018	2017
Cash, Beginning of Year	\$ 3,270	\$ 4,749
Receipts	3,450	2,425
Disbursements	(1,796)	(3,904)
Cash, End of Year	<u>\$ 4,924</u>	<u>\$ 3,270</u>

Feeding Area Children Together

	2018	2017
Cash, Beginning of Year	\$ -	\$ -
Receipts	6,414	-
Disbursements	(7,422)	-
Cash, End of Year	<u>\$ (1,008)</u>	<u>\$ -</u>

The above activities are not included in the Organization's Statement of Activities and as such are recorded through cash and an offsetting liability.

NOTE K COMPENSATED ABSENCES

The Organization employees earn paid time off based on length of service. Employees are compensated for 75% of unused paid time off upon termination. The estimated accumulated paid time off at June 30, 2018 and 2017 totals \$15,114 and \$12,842, respectively.

NOTE L OPERATING LEASES – AS LESSOR

The Organization leases office spaces under leases classified as operating leases at a monthly rate ranging from \$500 to \$800 through December 31, 2018. Total rental income on such leases for the fiscal years ended June 30, 2018 and 2017 amounts to \$12,986 and \$6,900, respectively.

At June 30, 2018, minimum future receipts under operating leases are as follows:

Years Ended June 30,	Amount
2019	\$ 8,100

NOTE M COMMITMENTS

The Organization has network server equipment under an operating lease. Monthly payments on the server equipment total \$503. The server equipment lease expires in July 2021. Operating lease payments total \$9,421 and \$10,278 for the years ended June 30, 2018 and 2017, respectively.

The Organization also has an operating lease for managed IT service that expires in June 2021. Monthly payments for the managed IT service total \$1,616. Operating lease payments total \$25,272 and \$22,944 for the years ended June 30, 2018 and 2017, respectively.

UNITED WAY OF CENTRAL MINNESOTA, INC.
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NOTE M COMMITMENTS (Continued)

The Organization has copier equipment under an operating lease that expires July 31, 2021. Monthly payments on the copier equipment total \$719. Operating lease payments total \$8,904 and \$9,098 for the years ended June 30, 2018 and 2017, respectively.

At June 30, 2018, estimated future minimum lease obligations are as follows:

June 30,	Amount
2019	\$ 33,588
2020	34,060
2021	34,060
2022	1,222

NOTE N PENSION PLAN

Regular full-time and part-time employees are eligible to participate in a 401(k) plan. Employees are able to make personal contributions to the plan on the first of the month following 30 days of employment. The Organization matches 100% of eligible employee contributions up to 4% of wages beginning the first of the month following one year of employment. Employees are fully vested in their contributions immediately and in the employer's matching contributions after three years of employment. The Organization's matching contributions total \$19,039 and \$20,021 for the fiscal years ended June 30, 2018 and 2017, respectively.

NOTE O RECENT ACCOUNTING PRONOUNCEMENTS

Revenue Recognition

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. The Organization has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

Financial Statement Presentation

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two classes, "net assets with donor restrictions" and "net assets without donor restrictions", and expands disclosures about the nature and amount of any donor restrictions. The effective date of ASU 2016-14 is for annual reporting periods beginning after December 15, 2017. The Organization is currently evaluating the effect that the standard will have on the financial statements.

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently evaluating the impact of the pending adoption of the new standard on the financial statements.