

United Way of Central Minnesota, Inc.

Audited Financial Statements

For the Fiscal Years Ended
June 30, 2024 and 2023

**SCHLENNER
WENNER & Co.**
CPAs

**UNITED WAY OF CENTRAL MINNESOTA, INC.
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MISSION:

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

POSITION:

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

FOCUS AREAS

Our focus is on health, education and financial stability—the building blocks for a good quality of life and a strong community.

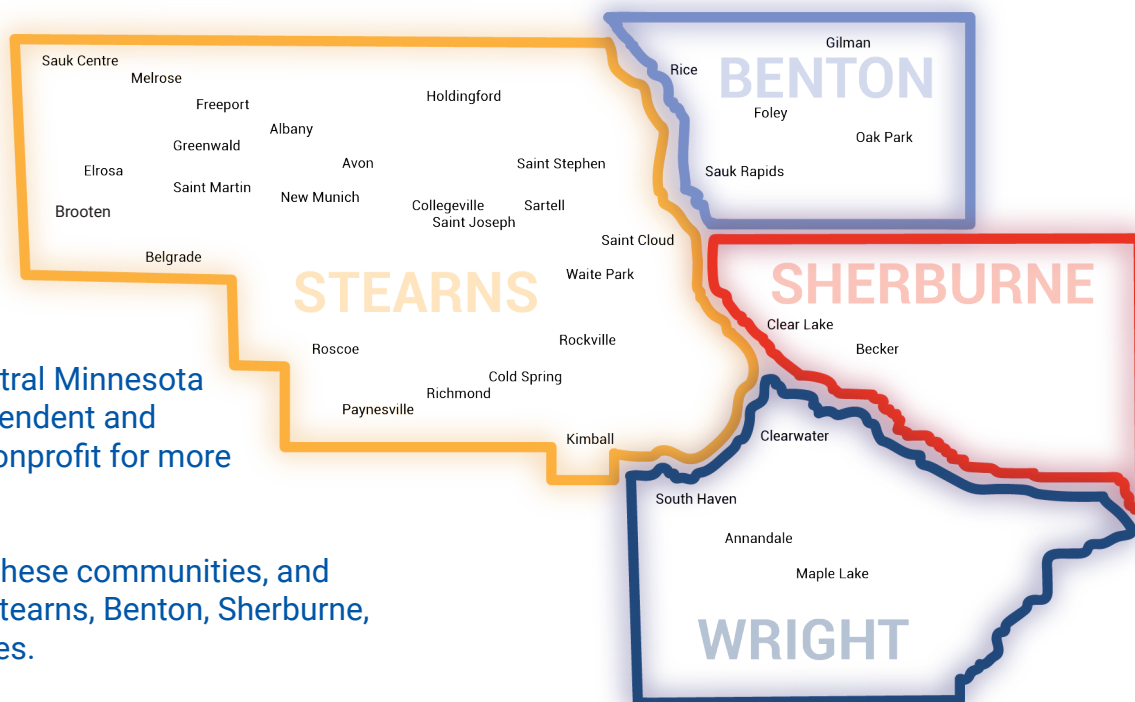


GIVE. ADVOCATE. VOLUNTEER.

SERVICE AREA

United Way of Central Minnesota has been an independent and locally-operated nonprofit for more than 50 years.

We proudly serve these communities, and outlying areas in Stearns, Benton, Sherburne, and Wright Counties.



2024 - 2025 COMMUNITY INVESTMENTS

EDUCATION

- **Youth Mentoring** - Big Brothers Big Sisters of Central Minnesota
- **Boys & Girls Club KIDSTOP and Club Scholarship Program** - Boys & Girls Clubs of Central Minnesota
- **Future Ready Pathways** - Central Minnesota Community Empowerment Organization
- **Mentoring & Life-Skills Development** - Central Minnesota Youth for Christ
- **Family Support** - Child Care Choices, Inc. dba Milestones
- **Youth Identity Development via Theatre Education** - GREAT Theatre
- **Cats & Rats; Reading and Math** - District 742 Local & Activities Foundation (LEAF)
- **CareerONE** - Friends of Career Solutions
- **Preparing Youth for Tomorrow** - Higher Works Collaborative
- **The Improve Achievement Project (TAP)** - Islamic Center of St. Cloud
- **Kindergarten Transition Services** - Reach-Up Inc.
- **La Fuerza de los Padres; Greater St. Cloud Latino Parent-Child Class** - ROCORI Early Childhood Department
- **Reading Corps** - ServeMinnesota
- **The College & Career Collaboration** - St. Cloud State University
- **College Link** - St. Cloud Area School District 742
- **Summer Learning Program: Creating opportunities for youth in Central Minnesota to build and strengthen social connections** - Yes Network

FINANCIAL STABILITY

- **Boys & Girls Club CareerSTART Workforce Development Program** - Boys & Girls Clubs of Central Minnesota
- **Financial and Housing Counseling** - Catholic Charities of the Diocese of St. Cloud
- **Child Care Liaison** - Child Care Choices, Inc. dba Milestones
- **Immigrant Services** - Friends of Career Solutions
- **PROFIT (Providing Real Opportunities for Financial Independence and Training)** - Independent Lifestyles Inc.
- **Family & Housing Stability Through Legal Services** - Mid-Minnesota Legal Aid
- **Heading Home Corps** - ServeMinnesota
- **Building Stability Through Housing, Workforce & Asset Development Programs** - Tri-County Action Program, Inc. (Tri-CAP)

SAFETY NET

- **Shelter & Services** - AnnaMarie's Alliance
- **Club Meal Program** - Boys & Girls Club of Central Minnesota
- **DOMUS** - Catholic Charities of the Diocese of St. Cloud
- **Emergency Financial Services** - Catholic Charities of the Diocese of St. Cloud
- **Food Shelf** - Catholic Charities of the Diocese of St. Cloud
- **Senior Dining/MOW** - Catholic Charities of the Diocese of St. Cloud
- **SHY** - Catholic Charities of the Diocese of St. Cloud
- **Home Delivered Meals** - Centracare
- **Advocacy** - Central MN Sexual Assault Center
- **Benton County Food Shelf** - CROSS Center
- **Crisis Nursery** - Lutheran Social Services
- **SA Shelter** - Salvation Army
- **Food Pantry** - Salvation Army

HEALTH

- **Boys & Girls Club's Smart (Skills Mastery and Resilience Training) Moves Prevention Programs** - Boys & Girls Clubs of Central Minnesota
- **Foster Grandparent Program** - Catholic Charities of the Diocese of St. Cloud
- **Child Response Initiative (CRI)** - Central Minnesota Mental Health Center
- **Senior LinkAge Line** - Central MN Council on Aging
- **Enhancing Older Adult Mental Health & Wellness** - Greater St. Cloud AmeriCorps Seniors RSVP
- **City of St. Cloud Witney Senior Center Community Health Worker Initiative** - City of St. Cloud Whitney Senior Center
- **Empowering Caregivers for Children's Mental Wellness** - Ellison Center
- **Parent and Family Support Program** - Fahan Organization
- **Community Meals & Socialization** - Helping Hands Outreach
- **Black Male Mental Health** - Promise Neighborhood
- **The Incredible Years** - Solutions Behavioral Healthcare Professionals, P.C.
- **Kindergarten Mental Health Skills** - St. Cloud Area School District 742
- **CVT St. Cloud** - The Center for Victims of Torture
- **Behavioral Health for All** - The Village Family Service Center

OTHER INVESTMENTS

- Over **60 agencies** received funding through grants, with a focus on youth & families, cradle to career
- Over **5,000 children** per month receive Dolly Parton's Imagination Library Books with United Way funding
- Over **\$200,000** in volunteer time was invested in Central Minnesota



United Way
of Central Minnesota

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of United Way of Central Minnesota, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2024, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Organization 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 the Organization'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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Management Discussion and Analysis is presented for purposes of additional analysis and are not a required part of the financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for the purpose of additional analysis and is not a required part of the financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

The Management Discussion and Analysis 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2025 on our consideration of United Way of Central Minnesota, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited United Way of Central Minnesota, Inc.'s 2023 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated February 14, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Schlenger Wenner & Co.".

SCHLENNER WENNER & CO.

St. Cloud, Minnesota

April 9, 2025

UNITED WAY OF CENTRAL MINNESOTA, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2023

ASSETS		2024	2023
CURRENT ASSETS			
Cash and Cash Equivalents	\$	105,111	\$ 78,800
Pledges Receivable, Net of Allowance for Doubtful Pledges		802,938	916,736
Other Pledges Receivable		50,000	-
Grants Receivable		291,079	309,854
Other Receivables		22,300	15,961
Prepaid Expenses		42,065	46,735
TOTAL CURRENT ASSETS		<u>1,313,493</u>	<u>1,368,086</u>
LONG-TERM ASSETS			
Investments		1,667,431	2,012,142
Other Pledges Receivable, Net of Unamortized Discounts		94,000	-
Property and Equipment, Net of Accumulated Depreciation		796,272	827,333
TOTAL LONG-TERM ASSETS		<u>2,557,703</u>	<u>2,839,475</u>
TOTAL ASSETS	\$	<u>3,871,196</u>	\$ <u>4,207,561</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable	\$	291,218	\$ 153,509
Fiscal Agent Liabilities		3,601	2,593
Accrued Salary Expenses		144,542	72,566
Due to Designated Agencies		647,450	341,093
Accrued Interest		399	399
Deferred Revenue		244,174	194,206
Line of Credit		225,000	298,532
Current Maturities of Long-Term Debt		38,722	37,364
TOTAL CURRENT LIABILITIES		<u>1,595,106</u>	<u>1,100,262</u>
LONG-TERM DEBT, LESS CURRENT MATURITIES		<u>60,718</u>	<u>99,441</u>
TOTAL LIABILITIES		1,655,824	1,199,703
NET ASSETS			
Without Donor Restrictions:			
Board Designated Reserves		550,639	1,437,839
With Donor Restrictions		1,664,733	1,570,019
TOTAL NET ASSETS		<u>2,215,372</u>	<u>3,007,858</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>3,871,196</u>	\$ <u>4,207,561</u>

UNITED WAY OF CENTRAL MINNESOTA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023

	2024		2023	
	Without Donor Restrictions	With Donor Restrictions	Totals (Memorandum Only)	
PUBLIC SUPPORT, REVENUES AND GAINS				
Gross Workplace Giving Contributions	\$ -	\$ 1,624,155	\$ 1,624,155	\$ 2,064,570
Less: Designations to Other Agencies	-	(117,189)	(117,189)	(127,372)
Less: Provision for Uncollectible	-	(65,108)	(65,108)	(80,489)
Net Workplace Giving Contributions	-	1,441,858	1,441,858	1,856,709
Government Grants	1,394,352	-	1,394,352	1,271,298
Private Grants	-	141,778	141,778	324,947
Service Fees	71,284	-	71,284	46,910
Other Revenue	3,510	-	3,510	12,526
Contributions	524,816	269,411	794,227	449,719
Net Investment Income	29,244	26,848	56,092	51,584
Unrealized Gain	49,795	26,891	76,686	44,769
Net Assets Released from Restrictions	1,812,072	(1,812,072)	-	-
TOTAL PUBLIC SUPPORT, REVENUE AND GAINS	3,885,073	94,714	3,979,787	4,058,462
EXPENSES				
Program Services	3,805,183	-	3,805,183	4,164,560
Supporting Services:				
Administrative	255,878	-	255,878	227,938
Fundraising	711,212	-	711,212	651,323
TOTAL EXPENSES	4,772,273	-	4,772,273	5,043,821
CHANGE IN NET ASSETS	(887,200)	94,714	(792,486)	(985,359)
NET ASSETS - Beginning of Year	1,437,839	1,570,019	3,007,858	3,993,217
NET ASSETS - End of Year	\$ 550,639	\$ 1,664,733	\$ 2,215,372	\$ 3,007,858

UNITED WAY OF CENTRAL MINNESOTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023

	2024						
	Program Services				Supporting Services		
	Imagination Library	Community Impact	Volunteer Connection, 2-1- 1, and Other Program Services		Administration	Fundraising	Total
				Total			
FUNCTIONAL EXPENSES							
Funds Distributed	\$ -	\$ 1,588,226	\$ -	\$ 1,588,226	\$ -	\$ -	\$ 1,588,226
Less: Donor Designations	-	(117,189)	-	(117,189)	-	-	(117,189)
SUBTOTAL	-	1,471,037	-	1,471,037	-	-	1,471,037
Wages and Benefits	2,966	426,491	609,728	1,039,185	210,046	506,581	1,755,812
Payroll Taxes	216	17,199	52,819	70,234	14,057	32,615	116,906
SUBTOTAL	3,182	443,690	662,547	1,109,419	224,103	539,196	1,872,718
Contract Services	-	27,550	778,504	806,054	4,454	18,372	828,880
Training and Development	-	3,470	2,563	6,033	819	3,988	10,840
Meetings and Events	122	8,711	15,157	23,990	738	8,191	32,919
Public Awareness and Media	-	479	5,347	5,826	-	7,775	13,601
Dues and Subscriptions	-	1,514	22,637	24,151	-	24,362	48,513
Awards and Recognition	-	-	-	-	-	4,050	4,050
Transportation	-	4,151	2,020	6,171	876	5,753	12,800
Occupancy Expense	-	1,239	57,470	58,709	14,039	56,418	129,166
Office Supplies	3,547	40	39,861	43,448	1,145	4,146	48,739
Books and Materials	135,299	-	2,055	137,354	-	-	137,354
Bank and Other Fees	-	9,671	5,930	15,601	4,224	20,526	40,351
Grant Expense	-	70,803	-	70,803	-	-	70,803
Insurance	-	-	7,434	7,434	1,791	3,952	13,177
Depreciation	-	-	16,572	16,572	3,286	13,204	33,062
Interest Expense	-	-	2,581	2,581	403	1,279	4,263
SUBTOTAL	138,968	127,628	958,131	1,224,727	31,775	172,016	1,428,518
TOTAL FUNCTIONAL EXPENSES	<u>\$ 142,150</u>	<u>\$ 2,042,355</u>	<u>\$ 1,620,678</u>	<u>\$ 3,805,183</u>	<u>\$ 255,878</u>	<u>\$ 711,212</u>	<u>\$ 4,772,273</u>

See accompanying notes.

UNITED WAY OF CENTRAL MINNESOTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023

	2023						
	Program Services				Supporting Services		
	Imagination Library	Community Impact	Volunteer Connection, 2-1- 1, and Other Program Services	Total	Administration	Fundraising	Total
FUNCTIONAL EXPENSES							
Funds Distributed	\$ -	\$ 1,820,711	\$ 47,608	\$ 1,868,319	\$ -	\$ -	\$ 1,868,319
Less: Donor Designations	-	(127,372)	-	(127,372)	-	-	(127,372)
SUBTOTAL	-	1,693,339	47,608	1,740,947	-	-	1,740,947
Wages and Benefits	2,979	533,182	420,549	956,710	170,704	502,341	1,629,755
Payroll Taxes	217	41,061	29,996	71,274	11,356	33,707	116,337
SUBTOTAL	3,196	574,243	450,545	1,027,984	182,060	536,048	1,746,092
Contract Services	-	919,645	-	919,645	2,129	694	922,468
Training and Development	-	6,779	774	7,553	639	-	8,192
Meetings and Events	-	46,497	1,281	47,778	-	21	47,799
Public Awareness and Media	-	3,044	405	3,449	158	83,521	87,128
Dues and Subscriptions	-	45,950	-	45,950	150	700	46,800
Awards and Recognition	-	-	-	-	-	919	919
Transportation	-	7,344	1,285	8,629	2,049	4,017	14,695
Occupancy Expense	-	115,583	4,900	120,483	-	100	120,583
Office Supplies	2,989	57,167	3,816	63,972	2,185	-	66,157
Books and Materials	117,751	-	-	117,751	-	-	117,751
Bank and Other Fees	-	-	409	409	16,381	7,201	23,991
Grant Expense	-	48,469	-	48,469	-	-	48,469
Insurance	-	4,503	-	4,503	1,240	3,841	9,584
Depreciation	-	5,413	-	5,413	19,539	11,846	36,798
Interest Expense	-	1,625	-	1,625	1,408	2,415	5,448
SUBTOTAL	120,740	1,262,019	12,870	1,395,629	45,878	115,275	1,556,782
TOTAL FUNCTIONAL EXPENSE:	\$ 123,936	\$ 3,529,601	\$ 511,023	\$ 4,164,560	\$ 227,938	\$ 651,323	\$ 5,043,821

See accompanying notes.

UNITED WAY OF CENTRAL MINNESOTA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023

	2024	2023
CASH FLOWS - OPERATING ACTIVITIES		
Cash Received from Public Support	\$ 4,182,058	\$ 4,112,743
Net Investment Income	100,756	53,029
Cash Paid to Agencies, Suppliers and Employees	(4,534,795)	(5,039,315)
Net Cash Flows - Operating Activities	(251,981)	(873,543)
CASH FLOWS - INVESTING ACTIVITIES		
Sales of Securities	767,309	411,036
Purchases of Securities	(378,120)	(177,593)
Purchases of Property and Equipment	-	(46,753)
Net Cash Flows - Investing Activities	389,189	186,690
CASH FLOWS - FINANCING ACTIVITIES		
Proceeds from Line of Credit	300,000	298,532
Payments on Line of Credit	(373,532)	-
Payments on Long-Term Debt	(37,365)	(36,072)
Net Cash Flows - Financing Activities	(110,897)	262,460
NET CHANGE IN CASH AND CASH EQUIVALENTS	26,311	(424,393)
CASH AND CASH EQUIVALENTS - Beginning of Year	78,800	503,193
CASH AND CASH EQUIVALENTS - End of Year	<u>\$ 105,111</u>	<u>\$ 78,800</u>
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Disposal of Fully Depreciated Fixed Assets	<u>\$ -</u>	<u>\$ 30,289</u>
Cash Paid for Interest	<u>\$ 4,263</u>	<u>\$ 5,553</u>

UNITED WAY OF CENTRAL MINNESOTA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023

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 the Organization

United Way of Central Minnesota, Inc. 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 three main community impact areas: Health, Education and Financial Stability. Community volunteers steward program investments in these three impact areas to assess and address critical community issues in each area.

The Organization also provides the Community Safety Net, ensuring access to food and emergency shelter.

In addition to funding external programs, the Organization supports programs that fulfill its mission. These programs include, but are not limited to: Imagination Library which is a book gifting program that mails high quality, age appropriate books every month to children from birth to age five no matter their families income; United Way 211; the Volunteer Action Center; MinneKids; Grant Funded programs including funding from MN Department of Education, U.S. Department of Education, Minnesota Alliance for Volunteer Advancement, Minnesota Humanities Center, Otto Bremer, and Initiative Foundation to produce community impact programming.

Across the Organization, United Way is committed to furthering equitable outcomes in all areas of the community and increasing equal access to services, education, resources, and employment for the sustainability of a healthy community.

Basis of Accounting

The financial statements of United Way of Central Minnesota, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Revenues are recorded when earned, and expenses are recorded when incurred.

Use of 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Financial Information

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 (GAAP). Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

UNITED WAY OF CENTRAL MINNESOTA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023

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

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, 2024 and 2023, the Organization's uninsured cash balances total \$0 and \$172,227, 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 D for discussion of fair value measurements. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Pledges Receivable and Allowance for Doubtful Pledges

Pledges Receivable consist primarily of Workplace Giving pledges received. 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 Workplace Giving contributions. The allowance is based on prior years' collection experience and management's analysis of current economic conditions and specific pledges made. Pledges receivable are written off when deemed uncollectible. Recoveries of pledges previously written off are recorded as without donor restrictions revenue when received.

Grants Receivable

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

Prepaid Expenses

Prepaid expenses consist of items paid for during the current year which will be expensed in future periods.

Property and Equipment

Property and equipment are carried at historical cost. Major additions and betterments in excess of \$2,000 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.

Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. Measurement of an impairment loss for long-lived assets is based on the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

Deferred Revenue

Deferred revenue consists primarily of grants deemed to be primarily non-exchange transactions where the Organization has not fulfilled its obligation.

Net Assets

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

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

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 property and equipment, operating reserves, future capital asset purchases and improvements, and community impact reserves. See Note M for discussion of Board Designated Net Assets.

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 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. Gifts of long-lived assets and cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. See Note N for discussion of Net Assets With Donor Restrictions.

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.

Overall Revenue Recognition

The Organization recognizes revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

The Organization primarily recognizes revenue in accordance with ASU Topic 958, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides guidance in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions.

The Organization has one major revenue stream: contributions and grants. This revenue stream is discussed in more detail below. All other revenues are recognized at a point in time.

Revenue Recognition of Contributions and Grants

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Conditional promises to give are not recognized until they become unconditional. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-imposed contributions are reported as net assets with donor restrictions, even if it is anticipated such restrictions will be met in the current reporting period.

A portion of the Organization's revenue is derived from cost-reimbursable contracts and grants. Amounts received are recognized as earned and are reported as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received but not yet earned are reported as deferred revenue in the Statement of Financial Position. The Organization received cost-reimbursable grants of \$1,334,168 and \$1,903,443, for which qualifying expenditures have not yet been incurred, with a progress payment of \$244,174 and \$170,601 recognized in the Statement of Financial Position as deferred revenue for the years ended June 30, 2024 and 2023, respectively.

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
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NOTE A SUMMARY OF NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Pledge Processing

The Organization allows donors to designate all or a portion of their 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 Workplace Giving contributions and are then deducted as amounts designated to other organizations to arrive at net Workplace Giving 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. This fee has been set at 15 percent for most cases as per board of Directors approval, and do not exceed actual costs incurred.

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

Functional Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly to that program according to their natural expenditure classification. Other expenses that are common to several functions are allocated based on time study results of full-time equivalent employees as determined by management.

Advertising

The Organization expenses advertising costs as they are incurred. Such expense amounts to \$13,601 and \$87,128 for the years ended June 30, 2024 and 2023, respectively.

Fundraising Expense

The Organization expenses fundraising costs as they are incurred.

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. If the Organization were to engage in any activities that resulted in unrelated business income, a tax would be assessed on that activity. 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.

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

New Accounting Standard Adopted - Allowance for Expected Credit Losses

The Organization adopted ASC 326, Financial Instruments-Credit Losses, as of July 1, 2023, using the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. The measurement of expected credit losses under the current expected credit loss ("CECL") methodology is applicable to financial assets measured at amortized cost, which include trade receivables, contract assets and non-current receivables. An allowance for credit losses under the CECL methodology is determined using the loss rate approach and measured on a collective (pool) basis when similar risk characteristics exist. Where financial instruments do not share risk characteristics, they are evaluated on an individual basis. The CECL allowance is based on relevant available information, from internal and external sources, relating to past events, current conditions and reasonable and supportable forecasts. Prior to adoption of ASC 326, the Organization maintained an allowance for doubtful accounts to reserve for probable and incurred losses on uncollected receivables. The adoption of the new expected credit losses standard did not materially impact net earnings or cash flows and did not result in a cumulative-effect adjustment to the opening balance of retained earnings.

NOTE B LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	June 30,	
	2024	2023
Cash and Cash Equivalents	\$ 105,111	\$ 78,800
Pledges Receivable, Net of Allowance	802,938	916,736
Other Pledges Receivable	50,000	-
Grants Receivable	291,079	309,854
Other Receivables	22,300	15,961
Investments That Can Be Converted to Cash	1,667,431	2,012,142
Total Financial Assets	2,938,859	3,333,493
Less: Fiscal Agent Cash and Cash Equivalents	3,601	2,593
Less: Designations Payable	647,450	341,093
Less: Net Assets with Board Designations	550,639	1,437,839
Less: Net Assets with Donor Restrictions in Excess of One Year	532,980	405,908
	<u>\$ 1,204,189</u>	<u>\$ 1,146,060</u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of requirements in short-term and long-term investments. To help manage unanticipated liquidity needs, the Organization has Net Assets with Board Designations that, while the Organization does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary. At June 30, 2024 and 2023, such designations total \$550,639 and \$1,437,839, respectively. Net Assets with Donor Restrictions in Excess of One Year have been reduced by amounts restricted by time for the subsequent year's allocations which total \$987,753 and \$1,164,111 at June 30, 2024 and 2023, respectively. To further help manage unanticipated liquidity needs, the Organization has a line of credit available to fund cash flow up to \$300,000. Such line of credit has an outstanding balance of \$225,000 at June 30, 2024.

UNITED WAY OF CENTRAL MINNESOTA, INC.
NOTES TO THE FINANCIAL STATEMENTS
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WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023

NOTE C 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:

	2024	2023
Checking and Savings	\$ 38,652	\$ 58,923
US Treasury Bill or Money Market Accounts	66,459	19,877
Total Cash and Cash Equivalents	<u>\$ 105,111</u>	<u>\$ 78,800</u>

NOTE D FAIR VALUE MEASUREMENTS

Fair Value Measurements and Disclosures topic, 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.

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, 2024 and 2023:

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.

Endowment Funds: 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.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE D FAIR VALUE MEASUREMENTS (Continued)

Level 1 investments consist of the following:

	June 30,	
	2024	2023
U.S. Government Securities	\$ 439,714	\$ 575,116
Fixed Income Securities	481,800	686,577
Equities	284,464	330,467
Endowment Funds	461,453	419,982
Total Long Term Investments	<u>\$ 1,667,431</u>	<u>\$ 2,012,142</u>

Investment fees total \$12,456 and \$14,808 for the fiscal years ended June 30, 2024 and 2023, respectively.

NOTE E RESTRICTED INVESTMENTS

Imagination Library Fund – With Donor Restrictions

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, 2024 and 2023, the Imagination Library Fund totals \$21,526.

Bertha Lazer Endowment Fund – With Donor Restrictions

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, 2024, the investment mix of the fund is approximately 79.7 percent equities, 18.7 percent fixed rate and 1.6 percent cash. The fund investments are valued at market for financial statement purposes.

The fund activity is as follows:

	2024	2023
Balance at July 1	\$ 317,440	\$ 301,007
Investment Income	8,367	7,609
Unrealized Gains (Losses)	19,732	22,560
Realized Gains (Losses)	11,513	685
Management Fees	(2,583)	(2,542)
Withdrawals for Program Use	(12,130)	(11,879)
Balance at June 30	<u>\$ 342,339</u>	<u>\$ 317,440</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
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WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023

NOTE E RESTRICTED INVESTMENTS (Continued)

Operating Endowment Funds – With Donor Restrictions

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, 2024 and 2023 consist of:

	2024	2023
Long-Term Investments	\$ 119,114	\$ 102,542

The endowment fund activity is as follows:

	2024	2023
Balance at July 1	\$ 102,542	\$ 91,580
Investment Income	2,903	2,454
Unrealized Gains (Losses)	7,159	8,191
Realized Gains (Losses)	4,064	(553)
Withdrawals	(2,955)	(2,834)
Contributions	6,220	4,494
Management Fees and Other Expenses	(819)	(790)
Balance at June 30	\$ 119,114	\$ 102,542

Reconciliation of Investments to Net Assets with Donor Restrictions

Net assets with donor restrictions 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 net assets with donor restrictions:

	2024 Operating Fund	2023 Operating Fund
Fair Market Value of Investments	\$ 119,114	\$ 102,542
Less: Cumulative Earnings	1	(35,600)
Net Assets With Donor Restrictions	\$ 119,115	\$ 66,942

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 net assets with donor restriction (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the 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 is also classified as with donor restrictions until those amounts are appropriate for expenditure by the Organization.

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NOTE E RESTRICTED INVESTMENTS (Continued)

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
- (7) The investment policies of the Organization

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 F PLEDGES RECEIVABLE AND ALLOWANCE FOR DOUBTFUL PLEDGES

Pledges receivable include all total balance due based on timing of each pledge for future, current, and prior year. Pledges not collected by the end of the second fiscal year are charged against the allowance set aside for the pledge year. Pledges receivable and the related allowances for doubtful pledges are listed below:

	2024	2023
Pledges Receivable, Current Year	\$ 960,846	\$ 997,225
Less: Allowance for Doubtful Pledges	(157,908)	(80,489)
Net Pledges Receivable	<u>\$ 802,938</u>	<u>\$ 916,736</u>

UNITED WAY OF CENTRAL MINNESOTA, INC.
NOTES TO THE FINANCIAL STATEMENTS
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WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023

NOTE G OTHER PLEDGES RECEIVABLE

Future-year pledges receivable include campaigns for the building and multi-year campaigns. Future-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 4.0%. Other pledges receivable at June 30, 2024 and 2023, consist of:

	2024	2023
Receivable in Less Than One Year	\$ 50,000	\$ -
Receivable in One to Five Years	100,000	-
Total: Other Pledges Receivable	150,000	-
Less: Discounts to Net Present Value	(6,000)	-
Net Other Pledges Receivable	<u>\$ 144,000</u>	<u>\$ -</u>

NOTE H PROPERTY AND EQUIPMENT

At June 30, 2024 and 2023, property and equipment consist of the following:

	2024	2023
Property and Equipment	\$ 1,100,607	\$ 1,100,607
Less: Accumulated Depreciation	(304,335)	(273,274)
Net Property and Equipment	<u>\$ 796,272</u>	<u>\$ 827,333</u>

NOTE I LINE OF CREDIT

The Organization executed a \$300,000 line of credit with Bremer Bank with a maturity date of October 2024. The line of credit carries an interest rate of 8.0% of which interest payments are required monthly as applicable. The credit line is secured by a Wealth Management Account with a carrying value of \$1,208,618. The balance of the line of credit at June 30, 2024 and 2023 is \$225,000 and \$298,532, respectively.

NOTE J LONG-TERM DEBT

At June 30, 2024 and 2023, long-term debt consists of the following:

	June 30,	
	2024	2023
Note Payable - Bremer Bank; Maturity date December 2026; Interest at 3.50%; Monthly payments of \$3,469 include principal and interest. Collateral pledged is a Wealth Management Investment Account with a carrying value of \$1,208,618.		
	\$ 99,440	\$ 136,805
Less: Current Maturities of Long-Term Debt	(38,722)	(37,364)
Long-Term Debt, Less Current Maturities	<u>\$ 60,718</u>	<u>\$ 99,441</u>

UNITED WAY OF CENTRAL MINNESOTA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023

NOTE J LONG-TERM DEBT (Continued)

At June 30, 2024, estimated future payment obligations for all debt are as follows:

June 30,	Amount
<u>2025</u>	<u>\$</u>
2026	38,722
2027	40,119
Total	20,599
	<u>\$ 99,440</u>

NOTE K FISCAL AGENT LIABILITIES

The Organization acts as the fiscal agent for St. Cloud Area Human Service Council (HSC); a program that connects key players to create positive community change. The related activity for this program during the years ended June 30, 2024 and 2023 is as follows:

	2024	2023
Cash, Beginning of Year	\$ 2,593	\$ 4,079
Receipts	4,502	3,840
Disbursements	(3,494)	(5,326)
Cash, End of Year	<u>\$ 3,601</u>	<u>\$ 2,593</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 L COMPENSATED ABSENCES

The Organization employees earn paid time off based on length of service. Employees are compensated for 100 percent of unused paid time off upon termination. The estimated accumulated paid time off at June 30, 2024 and 2023 totals \$69,275 and \$42,052, respectively.

NOTE M BOARD DESIGNATED NET ASSETS

In October of 2018, the Organization's Board of Directors approved the designation of the following net assets without donor restrictions 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 net assets without donor restrictions, less the above noted reserves, is undesignated. Annually, the Board of Directors will designate reserves within the classifications as defined below.

UNITED WAY OF CENTRAL MINNESOTA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023

NOTE M BOARD DESIGNATED NET ASSETS (Continued)

The Property and Equipment Reserve shall be recorded at the net book value of property and equipment, net of long-term debt.

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 both June 30, 2024 and 2023, such reserve was reduced below the Operating Reserve based on total net asset balances at each year end. Therefore, such Operating Reserves reflect 0.0 and 1.7 months of operation expenses at June 30, 2024 and 2023, respectively.

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.

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.

Reserves designated by board policy for the following purposes for the fiscal years ended June 30, 2024 and 2023 are as follows:

	2024	2023
Property and Equipment	\$ 410,389	\$ 690,529
Operating Reserves	-	607,060
Building and Capital Improvements	90,250	90,250
Community Impact	50,000	50,000
Total Board Designated Net Assets	<u>\$ 550,639</u>	<u>\$ 1,437,839</u>

NOTE N NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes for the fiscal years ended June 30, 2024 and 2023:

	2024	2023
Pledges Receivable	\$ 852,938	\$ 916,736
Multi Year Pledges	94,000	-
Bertha Lazer Fund	342,339	317,440
Imagination Library Fund	21,526	21,526
COVID Relief Fund	-	38
Child Care Response Fund	40,950	113,764
Education Response Fund	161,754	75,468
Black Leaders for Student Success Fund	1,082	10,001
Other Program Funds	31,029	48,104
Operating Endowment	119,115	66,942
Balance at June 30	<u>\$ 1,664,733</u>	<u>\$ 1,570,019</u>

UNITED WAY OF CENTRAL MINNESOTA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024
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NOTE O NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the purposes or by occurrence of other events specified by donors as follows for the years ended June 30, 2024 and 2023:

	2024	2023
Satisfaction of Time and Purpose Restrictions	<u>\$ 1,812,072</u>	<u>\$ 2,832,558</u>

NOTE P 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 percent of eligible employee contributions up to five percent 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 \$40,250 and \$37,598 for the fiscal years ended June 30, 2024 and 2023, respectively.

NOTE Q SUBSEQUENT EVENTS

In accordance with FASB ASC Topic 855, *Subsequent Events*, the Organization has evaluated subsequent events through April 9, 2025, which is the date these financial statements were available to be issued, and have determined the following subsequent events require recognition or disclosure:

Subsequent to year-end and prior to the issuance of these financial statements, the Organization renewed the \$300,000 line of credit, detailed in Note I, in October 2024, at the same terms. Such line of credit matures October 31, 2026.

SUPPLEMENTARY INFORMATION

UNITED WAY OF CENTRAL MINNESOTA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Federal ALN Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION		
Pass-through Programs from Minnesota Department of Education		
Twenty-First Century Community Learning Centers	84.287	\$ 1,062,138
COVID-19 - Education Stabilization Fund:		
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425	<u>126,992</u>
Total U.S. DEPARTMENT OF EDUCATION		<u>\$ 1,189,130</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Pass-through Programs from Minnesota Department of Health and Human Services		
Every Student Succeeds Act/Preschool Development Grants	93.434	\$ 23,997
Community-Based Child Abuse Prevention Grants	93.590C	<u>5,000</u>
Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		<u>\$ 28,997</u>
U.S. DEPARTMENT OF THE TREASURY		
Pass-through Programs from Minnesota Department of Treasury		
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027C	<u>\$ 115,713</u>
TOTAL FEDERAL EXPENDITURES		<u>\$ 1,333,840</u>

UNITED WAY OF CENTRAL MINNESOTA, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE A BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of United Way of Central Minnesota under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of United Way of Central Minnesota, it is not intended to and does not present the financial position, changes in net assets, or cash flows of United Way of Central Minnesota.

NOTE B SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. United Way of Central Minnesota has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

UNITED WAY OF CENTRAL MINNESOTA, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE C SUBRECIPIENTS

United Way did not pass any federal funds to subrecipients during the year ended June 30, 2024.

NOTE D PASS-THROUGH IDENTIFIER

United Way's pass-through identifying numbers assigned by each pass-through entity above are unknown.

**OTHER REQUIRED
REPORTS AND SCHEDULES**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of United Way of Central Minnesota, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2024, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 9, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying *Schedule of Findings and Questioned Costs* as item 2024-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Organization's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on United Way of Central Minnesota, Inc.'s response to the findings identified in our audit and described in the accompanying *Schedule of Findings and Questioned Costs* and *Corrective Action Plans*. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



SCHLENNER WENNER & CO.

St. Cloud, Minnesota

April 9, 2025

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited United Way of Central Minnesota, Inc.'s (the Organization) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2024. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Schlenner Wenner & Co.".

SCHLENNER WENNER & CO.

St. Cloud, Minnesota

April 9, 2025

**UNITED WAY OF CENTRAL MINNESOTA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified		
* Material weakness(es) identified?	<u> X </u>	Yes	<u> </u> No
* Significant deficiencies identified that are not considered to be material weaknesses?	<u> </u>	Yes	<u> X </u> No
Noncompliance material to financial statements noted?	<u> </u>	Yes	<u> X </u> No

Federal Awards

Internal control over major programs:			
* Material weakness(es) identified?	<u> </u>	Yes	<u> X </u> No
* Significant deficiencies identified that are not considered to be material weakness(es)?	<u> </u>	Yes	<u> X </u> No
Type of auditor's report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	<u> </u>	Yes	<u> X </u> No

Identification of major programs:

<u>ALN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.287</u>	<u>Twenty-First Century Community Learning Centers</u>

Dollar threshold used to distinguish between type A and type B programs:	<u> \$ 750,000 </u>
Auditee qualified as low-risk auditee?	<u> X </u> Yes <u> </u> No

**UNITED WAY OF CENTRAL MINNESOTA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

SECTION II: FINANCIAL STATEMENT FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Finding 2024-001 Material Audit Adjustments

Condition: Audit adjustments were required to correct material misstatements identified in the trial balance presented for the audit.

Criteria: The Organization is required to report financial information under the basis of accounting prescribed by Generally Accepted Accounting Principles.

Cause: Certain year-end balances and related activity required adjustment to achieve proper presentation under Generally Accepted Accounting Principles.

Effect: The misstatements in the trial balance presented for the audit resulted in the need to record material audit adjustments to achieve fair financial statement presentation under accounting principles generally accepted in the United States of America.

Recommendation: We recommend management perform a thorough review of the trial balance prior to the audit and ensure all transactions and year-end balances have been properly recorded. Further, such adjustments appear to be the result of the following which may require additional review procedures:

- inconsistent or untimely reconciliations from the Andar software to the QuickBooks general ledger as they relate to pledge receivables and designations payable,
- adjustment of allocations payable to the accrual basis at year end, and
- inconsistent reconciliations related to various internal schedules for grant revenue and deferred revenue

*Views of Responsible
Officials and Planned*

Corrective Actions: Management agrees with the recommendation. See corresponding Corrective Action Plan.

SECTION III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

**CORRECTIVE ACTION PLANS
FOR THE YEAR ENDED JUNE 30, 2024**

FINANCIAL STATEMENT FINDINGS

Finding 2024-001 Material Audit Adjustments

1. Explanation of Disagreement with Audit Finding
There is no disagreement with the audit finding.
2. Actions Planned in Response to Finding
The Organization will perform a thorough review of the trial balance and year-end adjustments to ensure their accuracy and completeness prior to the audit.
3. Official Responsible
Tricia Bigaouette, Senior Vice President of Finance and Operations, is the official responsible for ensuring corrective action.
4. Planned Completion Date
June 30, 2025
5. Plan to Monitor Completion
The Board of Directors will be monitoring this Corrective Action Plan.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

No financial statement or federal awards findings were reported in the prior year.