

**UNITED WAY OF OTTER TAIL &
WADENA COUNTIES, INC.**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Years Ended December 31, 2020 and 2019

UNITED WAY OF OTTER TAIL & WADENA COUNTIES, INC.

DIRECTORS AND MANAGEMENT

| | | Term Expires |
|--------------------|--------------------------------|-----------------|
| Jackie Hendrickson | President | 2021 |
| Carolyn Glesne | Vice President/President Elect | 2021 |
| Mick Siems | Treasurer | 2020 |
| Diane Thorson | Secretary | 2020 |
| Jeff Drake | Past President | 2020 |
| Jose Alba | Director | 2020 |
| Lori Mattfeld | Director | 2019 |
| Diane Hanson | Director | 2020 |
| Casey Ward | Director | 2022 |
| Patricia Sjolie | Director | 2022 |
| Gary Sellman | Director | 2020 |
| Joann Thompson | Director | 2020 |
| Tim Kelly | Director | 2021 |
| Sadie Christiansen | Director | 2022 |
| Mary Phillipe | Executive Director | |

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Otter Tail & Wadena Counties, Inc.
Fergus Falls, Minnesota

We have audited the accompanying financial statements of United Way of Otter Tail & Wadena Counties, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to 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 audits. We conducted our audits 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 from 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.

Opinion

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the financial position of United Way of Otter Tail & Wadena Counties, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Contributions to Agencies as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Amery, Wisconsin
May 18, 2021

UNITED WAY OF OTTER TAIL & WADENA COUNTIES, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

| ASSETS | 2020 | 2019 |
|---|-----------------------|-----------------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 326,168 | \$ 236,724 |
| Short-term investments | 64,545 | 55,358 |
| Contributions receivable | 118,736 | 137,302 |
| Prepaid expense | 1,107 | 1,842 |
| Total Current Assets | 510,556 | 431,226 |
| PROPERTY AND EQUIPMENT | | |
| Property and equipment | 50,680 | 50,679 |
| Accumulated depreciation | (41,857) | (38,803) |
| Property and Equipment, Net | 8,823 | 11,876 |
| TOTAL ASSETS | \$ 519,379 | \$ 443,102 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 2,420 | \$ 7,401 |
| Accrued expenses | 20,606 | 19,597 |
| Total Current Liabilities | 23,026 | 26,998 |
| NET ASSETS | | |
| Without donor restrictions | 102,631 | 87,697 |
| With donor restrictions | 393,722 | 328,407 |
| Total Net Assets | 496,353 | 416,104 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 519,379 | \$ 443,102 |

(The accompanying notes are an integral part of these financial statements.)

UNITED WAY OF OTTER TAIL & WADENA COUNTIES, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2020 and 2019

| | 2020 | | | 2019 | | |
|---------------------------------------|----------------------------------|----------------------------|--------------------------|----------------------------------|----------------------------|--------------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| OPERATING ACTIVITIES | | | | | | |
| Revenues, Gains, and Other Support | | | | | | |
| Contributions and grants | | | | | | |
| Campaign contributions | \$ 57,600 | \$ 393,722 | \$ 451,322 | \$ 52,818 | \$ 328,407 | \$ 381,225 |
| Fundraising events | 74,954 | - | 74,954 | 81,802 | - | 81,802 |
| Grants | 35,000 | - | 35,000 | - | - | - |
| All other contributions | 7,577 | - | 7,577 | 93,340 | - | 93,340 |
| Investment return, net | 9,483 | - | 9,483 | 8,269 | - | 8,269 |
| Miscellaneous revenue | 27,988 | - | 27,988 | 2,483 | - | 2,483 |
| Net assets released from restrictions | | | | | | |
| Restrictions satisfied by payments | 301,299 | (301,299) | - | 312,824 | (312,824) | - |
| Uncollectible pledges | - | (27,108) | (27,108) | - | (17,926) | (17,926) |
| Total Support and Revenue | 513,901 | 65,315 | 579,216 | 551,536 | (2,343) | 549,193 |
| Expenses | | | | | | |
| Program services | 385,552 | - | 385,552 | 433,241 | - | 433,241 |
| Support services | | | | | | |
| Management and general | 35,624 | - | 35,624 | 39,240 | - | 39,240 |
| Fundraising | 77,791 | - | 77,791 | 84,883 | - | 84,883 |
| Total Expenses | 498,967 | - | 498,967 | 557,364 | - | 557,364 |
| CHANGE IN NET ASSETS | 14,934 | 65,315 | 80,249 | (5,828) | (2,343) | (8,171) |
| NET ASSETS, BEGINNING OF YEAR | 87,697 | 328,407 | 416,104 | 93,525 | 330,750 | 424,275 |
| NET ASSETS, END OF YEAR | <u><u>\$ 102,631</u></u> | <u><u>\$ 393,722</u></u> | <u><u>\$ 496,353</u></u> | <u><u>\$ 87,697</u></u> | <u><u>\$ 328,407</u></u> | <u><u>\$ 416,104</u></u> |

(The accompanying notes are an integral part of these financial statements.)

UNITED WAY OF OTTER TAIL & WADENA COUNTIES, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended December 31, 2020 and 2019

| | 2020 | | | |
|---|-----------------------------|-----------------------------------|-------------------------|--------------------------|
| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
| Grants and awards | \$ 294,820 | \$ - | \$ - | \$ 294,820 |
| Salaries and benefits | 57,907 | 21,650 | 34,996 | 114,553 |
| Fees for services | 2,137 | 1,924 | 3,064 | 7,125 |
| Advertising and promotion | 9,252 | - | 6,868 | 16,120 |
| Office expenses | 12,473 | 5,067 | 11,740 | 29,280 |
| Information technology | 1,549 | 1,394 | 2,221 | 5,164 |
| Occupancy | 4,484 | 4,037 | 6,429 | 14,950 |
| Travel and transportation | 1,405 | 214 | 1,339 | 2,958 |
| Conferences, conventions, and meetings | 40 | - | 1,687 | 1,727 |
| Depreciation | 916 | 825 | 1,314 | 3,055 |
| Insurance | 569 | 513 | 817 | 1,899 |
| Other expenses | - | - | 7,316 | 7,316 |
| TOTAL | <u>\$ 385,552</u> | <u>\$ 35,624</u> | <u>\$ 77,791</u> | <u>\$ 498,967</u> |

| | 2019 | | | |
|---|-----------------------------|-----------------------------------|-------------------------|--------------------------|
| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
| Grants | \$ 345,322 | \$ - | \$ - | \$ 345,322 |
| Salaries and benefits | 60,502 | 26,897 | 49,805 | 137,204 |
| Fees for services | 2,010 | 1,809 | 2,881 | 6,700 |
| Advertising and promotion | 5,948 | - | 5,068 | 11,016 |
| Office expenses | 9,389 | 4,216 | 8,479 | 22,084 |
| Information technology | 832 | 748 | 1,192 | 2,772 |
| Occupancy | 5,492 | 4,010 | 6,386 | 15,888 |
| Travel and transportation | 2,250 | 349 | 781 | 3,380 |
| Conferences, conventions, and meetings | 150 | - | 1,585 | 1,735 |
| Depreciation | 745 | 670 | 1,068 | 2,483 |
| Insurance | 601 | 541 | 862 | 2,004 |
| Other | - | - | 6,776 | 6,776 |
| TOTAL | <u>\$ 433,241</u> | <u>\$ 39,240</u> | <u>\$ 84,883</u> | <u>\$ 557,364</u> |

(The accompanying notes are an integral part of these financial statements.)

UNITED WAY OF OTTER TAIL & WADENA COUNTIES, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|--|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Increase (Decrease) in net assets | \$ 80,249 | \$ (8,171) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation | 3,055 | 2,483 |
| Unrealized gain on short-term investments | (6,218) | (5,943) |
| Net operating changes in | | |
| Contributions receivable | 18,566 | 5,370 |
| Prepaid expense | 735 | (58) |
| Accounts payable | (4,981) | 4,441 |
| Accrued expenses | 1,009 | 8,957 |
| Net Cash Provided (Used) by Operating Activities | <u>92,415</u> | <u>7,079</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Loss on disposal of assets | - | (644) |
| Acquisition of short-term investments | (2,971) | (711) |
| Acquisition of property and equipment | - | (12,657) |
| Net Cash Used by Investing Activities | <u>(2,971)</u> | <u>(14,012)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 89,444 | (6,933) |
| BEGINNING CASH AND CASH EQUIVALENTS | <u>236,724</u> | <u>243,657</u> |
| ENDING CASH AND CASH EQUIVALENTS | <u><u>\$ 326,168</u></u> | <u><u>\$ 236,724</u></u> |

(The accompanying notes are an integral part of these financial statements.)

UNITED WAY OF OTTER TAIL & WADENA COUNTIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The United Way of Otter Tail & Wadena Counties, Inc. (the Organization) is a Minnesota corporation. The Organization is a not-for-profit corporation whose mission is to improve lives by mobilizing the caring powers in our communities. United Way was formed in 1945 and is governed by a volunteer Board of Directors which is made up of approximately 15-20 members who serve terms ranging from three to six years. United Way of Otter Tail & Wadena Counties is committed to compliance with United Way Worldwide Standards of Excellence.

United Way's primary fundraising efforts are through workplace campaigns and community appeals. United Way provides opportunities for people throughout Otter Tail and Wadena counties to give of their financial resources, volunteer their time, and advocate for causes that are important to the community. All of United Way's community efforts are rooted in the established priorities of education, financial stability, and health.

Campaigns are conducted year-round to support programs primarily in the subsequent fiscal year. Campaign contributions are used primarily to support a variety of health and human service programs and to pay United Way's operating expenses. Not-for-profit organizations may receive funding either through the Community Investment Process (CIP) or via donor designation.

Donations without donor restrictions to United Way are distributed throughout Otter Tail and Wadena counties through the CIP. United Way's Community Impact agenda includes 3 priority areas in which not-for-profit organizations may submit program funding requests. Unrestricted dollars are divided among these priority areas by United Way's Community Investment Committee and the Board of Directors, based on community needs and input from United Way's donor base. Approximately sixty volunteers participate in community investment panels to evaluate funding applications within each priority area. Information regarding the program's structure, measurable outcomes, plans for improvement, and customer feedback are key components in determining program funding levels. Each panel makes a set of funding recommendations for their assigned priority area to the Community Investment Committee which in turn submits final recommendations for Board approval. Distribution of these funds are made in equal quarterly payments.

Donors may choose to designate their pledges directly to any specific not-for-profit organization. United Way verifies the organization's tax-exempt status prior to disbursement. In addition, these organizations are required to provide a Patriot Act Compliance form annually. A final reporting and transmittal of all cash donations through the end of the fiscal year is done in December.

UNITED WAY OF OTTER TAIL & WADENA COUNTIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following is a summary of significant accounting policies followed in the preparation of these financial statements:

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors or grantors: net assets without donor restrictions and net assets with donor restrictions.

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities, as applicable. Operating activities consist of those items attributable to the Organization's ongoing program services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates, and those differences could be material.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash with financial institution believed to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Organization has not experienced, nor does it anticipate, any losses with respect to such accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from individuals and organizations supportive of our mission. Investments are monitored by the Organization and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization believes that the investment policies and guidelines are prudent for the long-term.

UNITED WAY OF OTTER TAIL & WADENA COUNTIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Cash Equivalents, and Restricted Cash

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Organization determines the allowance for uncollectible contributions receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions receivable are written off when deemed uncollectible. At December 31, 2020 and 2019, the allowance was \$13,500 and \$0, respectively.

Short-term Investments

Fergus Falls Area Community Fund (Agent), a nonprofit organization, holds funds on behalf of the Organization. The Agent manages the funds along with other agency funds. The Agent has established a fund in the Organization's name and has specified the Organization as the beneficiary of that fund. All activity in the fund is included in the Organization's financial statements. Funds held by the Agent were \$64,545 and \$55,358 as of December 31, 2020 and 2019, respectively.

UNITED WAY OF OTTER TAIL & WADENA COUNTIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation and amortization are computed using the straight-line method over the lesser of the estimated useful lives of the assets ranging from three to seven years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. The Organization's policy is to capitalize renewals and betterments acquired for greater than \$1,000 and expense normal repairs and maintenance as incurred. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. The Organization's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recoverable from the estimated future cash flows expected to result from their use and eventual disposition.

Net Assets

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

Net Assets Without Donor Restrictions

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

Net Assets With Donor Restrictions

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

UNITED WAY OF OTTER TAIL & WADENA COUNTIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Revenue Recognition

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

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received on the date of contribution.

The Organization received donated rental space of \$1,425 and \$1,425 for the years ended December 31, 2020 and 2019, respectively. Such amounts, which are based upon information provided by third-party service providers, are recorded at their estimated fair value determined on the date of contribution and are reported as in-kind donation revenue and occupancy on the accompanying statements of activities and statements of functional expenses.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, fees for services, advertising and promotion, office expenses, occupancy, travel and transportation, depreciation, repairs and maintenance, and insurance, which are allocated on the basis of estimates of time and effort.

UNITED WAY OF OTTER TAIL & WADENA COUNTIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

The Organization expenses advertising costs as they are incurred. Total advertising costs for the years ended December 31, 2020 and 2019 were \$16,120 and \$11,016, respectively.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and similar state provisions, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

PPP Loan Forgiveness

On April 7, 2020, the Organization entered into a Promissory Note with Security State Bank of Fergus Falls (the "Promissory Note"), which provides for an unsecured loan of \$21,950 pursuant to the Paycheck Protection Program (the "PPP") under the Coronavirus Aid, Relief, and Economic Security Act and applicable regulations (the "CARES Act"). The Promissory Note has a term of two years with a 1% per annum interest rate. The Promissory Note provided the Organization the necessary working capital to sustain principal operations through required economic shutdowns because of COVID-19. Forgiveness of the Promissory Note was determined in accordance with the provisions of the CARES Act and applicable regulations. Principal and interest amount outstanding, if any, after the determination of amounts forgiven will be repaid on a monthly basis. The Organization elected to account for the loan as a loan. Forgiveness has been awarded by the Small Business Administration (SBA) on October 30, 2020, and accordingly, \$21,950 of loan forgiveness income was recognized for the year ended December 31, 2020 as a component of miscellaneous revenue on the statement of activities.

Subsequent Events Consideration

Management has evaluated subsequent events through April XX, 2021, the date on which the financial statements were available to be issued. Management has determined that there were no other material events that would require recognition or disclosure in the Organization's financial statements through this date.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

UNITED WAY OF OTTER TAIL & WADENA COUNTIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 2 – AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position consists of the following at December 31:

| | | |
|--|------------------------------|------------------------------|
| Financial assets at year end | 2020 | 2019 |
| Cash and cash equivalents | \$ 326,168 | \$ 236,724 |
| Short-term investments | 64,545 | 55,358 |
| Pledges and grants receivable | <u>118,736</u> | <u>137,302</u> |
| Total financial assets | 509,449 | 429,384 |
| Contractual or donor-imposed restrictions: | | |
| Donor restrictions for contributions to agencies | (393,722) | (328,407) |
| Add back amounts appropriated for following year | 393,722 | 328,407 |
| Board designations | | |
| Operating reserves | <u>(63,750)</u> | <u>(63,750)</u> |
| FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES OVER THE NEXT TWELVE MONTHS | <u>\$ 445,699</u> | <u>\$ 365,634</u> |

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations become due. As part of its liquidity plan, excess cash is invested in short-term investments.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are estimated to be collected as follows at December 31:

| | | |
|---|------------------------------|------------------------------|
| | 2020 | 2019 |
| Within one year | \$ 132,236 | \$ 137,302 |
| Less allowance for uncollectable contributions receivable | <u>(13,500)</u> | <u>-</u> |
| TOTAL | <u>\$ 118,736</u> | <u>\$ 137,302</u> |

UNITED WAY OF OTTER TAIL & WADENA COUNTIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 4 – PROPERTY AND EQUIPMENT

Cost of property and equipment as of December 31 consists of the following:

| | <u>2020</u> | <u>2019</u> |
|-----------|------------------|------------------|
| Equipment | <u>\$ 50,680</u> | <u>\$ 50,679</u> |

Depreciation expense was \$3,055 and \$2,483 for the years ended December 31, 2020 and 2019, respectively.

NOTE 5 – NET ASSETS

Net assets with donor restrictions are as follows at December 31:

| | <u>2020</u> | <u>2019</u> |
|------------------------------|-------------------|-------------------|
| Specific purpose Campaign | <u>\$ 393,722</u> | <u>\$ 328,407</u> |

Net assets without donor restrictions at December 31 are as follows:

| | <u>2020</u> | <u>2019</u> |
|------------------|--------------------------|-------------------------|
| Undesignated | \$ 38,881 | \$ 23,947 |
| Board designated | <u>63,750</u> | <u>63,750</u> |
| TOTAL | <u>\$ 102,631</u> | <u>\$ 87,697</u> |

UNITED WAY OF OTTER TAIL & WADENA COUNTIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 6 – OPERATING LEASES

The Organization leases its office facility requiring rent of \$550 per month. The lease term is month-to-month and may be canceled by either party by giving a 90-day written notice. The Organization will also pay \$190 per month in addition to rent to cover heating, air conditioning, electricity, sewer, and water. The Organization also leases a copier, telephone equipment, and other small equipment. Rent and lease expense for the years ended December 31, 2020 and 2019 was \$12,670 and \$12,571, respectively. Future minimum non-cancelable lease payments for the next five years are as follows: 2021 \$3,084; 2022 \$3,084; 2023 \$3,084; 2024 \$3,084; and 2025 \$3,084.

The Organization leases office space in Perham, Minnesota. The lessee shall have the option of renewing the lease for a period of one year under the same terms and conditions unless lessor needs the demised premises for other purposes. No rent is paid. The estimated rental is \$1,425 and is included in in-kind donations revenue and occupancy in the accompanying statements of activities and statements of functional expenses.

NOTE 7 – EMPLOYEE BENEFIT PLAN

The Organization sponsors a defined contribution plan (the Plan) covering substantially all employees. The Organization makes a contribution to the Plan each year equal to 10% of all participants' compensation. Total expense for the years ended December 31, 2020 and 2019 were \$9,461 and \$11,723 respectively.

NOTE 8 – OTHER TRANSACTIONS

The Organization recorded dues expense as of December 31 as follows:

| | <u>2020</u> | <u>2019</u> |
|------------------------------|-----------------|-----------------|
| UNITED WAY WORLD WIDE | <u>\$ 6,004</u> | <u>\$ 4,473</u> |

NOTE 9 – COVID-19

The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Organization, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Organization's financial condition or results of operations is uncertain.

SUPPLEMENTARY INFORMATION

UNITED WAY OF OTTER TAIL & WADENA COUNTIES, INC.
SCHEDULE OF CONTRIBUTIONS TO AGENCIES
For the Years Ended December 31, 2020 and 2019

| | 2020 | 2019 |
|--|----------|----------|
| Contributions to Agencies | | |
| American Red Cross | | |
| Red Cross Disaster | \$ 2,950 | \$ 3,941 |
| Battle Lake Community Recreation | 400 | 900 |
| Northern Lights Boy Scout Council | 950 | 900 |
| Catholic Charities - Foster Grandparents | 1,240 | 990 |
| Children's Service Association | 5,000 | 5,575 |
| Dakota Horizons Girl Scouts | 1,230 | 1,530 |
| Father's Resource Program | 400 | 900 |
| Meals by Wheels of Fergus Falls | 1,900 | 1,250 |
| North Country Food Bank | 9,700 | 15,300 |
| Pelican Rapids Senior Center | 750 | 900 |
| Pelican Rapids Oaks | 790 | 990 |
| A Place to Belong | 2,180 | 1,530 |
| Salvation Army | 8,200 | 8,200 |
| Salvation Army Lunch in the Son Program | 3,800 | 4,050 |
| Salvation Army After School Program | 3,990 | 3,365 |
| Someplace Safe | | |
| Community Outreach / Intervention | 11,750 | 11,250 |
| Safe Exchange | 2,910 | 2,610 |
| Trafficked | 3,200 | 2,700 |
| Sexual Assault | 5,280 | 5,130 |
| YMCA Summer Learning Loss Prev. Program | 4,110 | 5,310 |
| Battle Lake ECFE | 1,120 | 2,520 |
| LB Homes- Camp Emily | 1,410 | 1,710 |
| Perham Kinship | 5,400 | 7,650 |
| ECFE Childcare Visitor Program | 5,530 | 7,380 |
| Fergus Falls Basic Education | 3,610 | 5,310 |
| Bright Start Child Care Home | 2,350 | 3,600 |
| Boys & Girls Club of Perham | 5,050 | 6,300 |
| Feeding Backpack Programs | | |
| Fergus Falls | 23,821 | 37,110 |
| Leave a Legacy | 384 | - |

UNITED WAY OF OTTER TAIL & WADENA COUNTIES, INC.
SCHEDULE OF CONTRIBUTIONS TO AGENCIES
For the Years Ended December 31, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|---|--------------------------|--------------------------|
| Otter Tail County Early Childhood Initiative | | |
| Project expense | \$ 2,104 | \$ 19,533 |
| Caring Connections Family Advocate | 370 | 41,600 |
| Caring Connections Oral Health | 18 | 500 |
| LSS Care Giver | 2,850 | 3,900 |
| Alzheimer's Association | 440 | 990 |
| Friends of Friends Allocations | 49,840 | 34,535 |
| Women's Leadership Council events and expense | 4,932 | 6,607 |
| Frazee Neighbor to Neighbor | 1,680 | 1,980 |
| Mahube-OTWA Family Development Housing | 2,390 | 2,565 |
| Safe Communities Coalition expense | 718 | 3,379 |
| Imagination Library | 6,070 | 12,656 |
| Donor designated funds | 72,132 | 32,686 |
| PARTNERS | 840 | 990 |
| Legal Services of Northwest MN | 6,100 | 8,100 |
| Empowering Kids Perham | 3,700 | 2,700 |
| Alzheimer's Association Wadena | 280 | 630 |
| Foster Grandparents Wadena | 740 | 540 |
| Girl Scouts Wadena | 890 | 990 |
| Kinship Wadena | 600 | 1,350 |
| LSS Nutrition Services Wadena | 1,310 | 1,260 |
| Mahube-OTWA RSVP Wadena | 160 | 360 |
| North Country Food Bank Wadena | 3,880 | 6,210 |
| Someplace Safe Crime Victim Wadena | 1,640 | 1,665 |
| Someplace Safe Trafficking Wadena | 1,080 | 630 |
| Wadena County DAC | 360 | 810 |
| Wellness in the Woods | 1,250 | - |
| Healthy Living Program | 750 | - |
| Legal Services of Northwest MN - Wadena | 1,500 | - |
| Mahube - OTWA Family Development Housing | 500 | - |
| Other program expenses | 6,291 | 9,255 |
| TOTAL | <u>\$ 294,820</u> | <u>\$ 345,322</u> |