

**UNITED WAY OF MOWER COUNTY, INC.**

FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT

For the Year Ended March 31, 2010

**UNITED WAY OF MOWER COUNTY, INC.**

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**UNITED WAY OF MOWER COUNTY, INC.**

March 31, 2010

**BOARD OF DIRECTORS**

Diane Baker	President
Claude Pulliam	Vice-President
Cathy Hirst	Treasurer
Chad Sayles	Community Investment Chair
Ann Hokanson	Board Member
Kelly Lady	Board Member
Jeff Linkous	Board Member
Michael Schelling	Board Member
Kristi Stasi	Board Member
Becky Rector	Board Member
Trish Wiechmann	Board Member
Scott Aakre	Board Member
David Agerter	Board Member
Didacus Guzman	Board Member
Paul Kuehneman	Board Member

**STAFF**

Mandi Lighthizer-Schmidt	Executive Director
Melissa Riles	Administrative Assistant
Chris Grev	Marketing Specialist

**HILL, LARSON, WALTH & BENDA, P.A.**  
**Certified Public Accountants**

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Erwin J. Hill, C.P.A.  
Heather L. Benda, C.P.A.  
Lance E. Skov, C.P.A.  
Andrew M. Bernau, C.P.A.

INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
United Way of Mower County, Inc.  
Austin, Minnesota 55912

We have audited the accompanying statement of financial position of the United Way of Mower County, Inc. (a nonprofit organization), as of March 31, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the United Way of Mower County, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the United Way of Mower County, Inc.'s March 31, 2009 financial statements and, in our report dated July 27, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United Way of Mower County, Inc., as of March 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Allocations to Agencies, Custodial Account Allocations and Allocations to Non-Mower County United Way Agencies on pages 12, 13 and 14 are 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.

*Hill, Larson, Walth & Benda, P.A.*  
Hill, Larson, Walth & Benda, P.A.

July 15, 2010

## **Section I**

### **Basic Financial Statements**

**UNITED WAY OF MOWER COUNTY, INC.**

**STATEMENT OF FINANCIAL POSITION**

March 31, 2010

(With Comparative Amounts for March 31, 2009)

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
Current Assets		
Cash	\$ 602,062	\$ 591,875
Promises to give, net of allowance for uncollectible of \$37,000 at March 31, 2010	<u>757,401</u>	<u>657,672</u>
Total Current Assets	1,359,463	1,249,547
Furniture and Equipment		
Furniture and equipment	15,671	15,671
Allowance for depreciation	<u>(13,914)</u>	<u>(10,171)</u>
Net Furniture and Equipment	<u>1,757</u>	<u>5,500</u>
Total Assets	<u><u>\$ 1,361,220</u></u>	<u><u>\$ 1,255,047</u></u>
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Accounts payable	\$ 2,998	\$ -
Allocations payable - United Way Agencies	545,816	506,757
Community Impact Grant Payable	<u>-</u>	<u>2,000</u>
Total Current Liabilities	548,814	508,757
Net Assets		
Unrestricted	478,986	408,241
Temporarily restricted	<u>333,420</u>	<u>338,049</u>
Total Net Assets	<u>812,406</u>	<u>746,290</u>
Total Liabilities and Net Assets	<u><u>\$ 1,361,220</u></u>	<u><u>\$ 1,255,047</u></u>

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

**UNITED WAY OF MOWER COUNTY, INC.**

**STATEMENT OF ACTIVITIES**

For the Year Ended March 31, 2010

(With Comparative Totals for the year ended March 31, 2009)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	
			2010	2009
<b>Public Support, Revenue and Reclassifications</b>				
<b>Public Support</b>				
Contributions - United Way Campaign	\$ 735,891	\$ 220,000	\$ 955,891	\$ 837,890
Success by Six contributions	-	71,445	71,445	73,992
Community Assessment	-	9,000	9,000	-
Born Learning Trail	-	3,871	3,871	-
Get Fit - Contributions and fees	-	5,350	5,350	8,698
SHIP Income	-	70	70	-
Disaster Fund	-	37	37	-
Day of Caring	-	1,055	1,055	-
Coat Drive - Contributions	3,622	-	3,622	4,310
Memorials	10	-	10	-
Hornel Foundation - Director's fees	8,800	-	8,800	7,900
<b>Total Public Support</b>	<u>748,323</u>	<u>310,828</u>	<u>1,059,151</u>	<u>932,790</u>
<b>Revenue and Reclassifications</b>				
Investment income	12,423	-	12,423	12,391
Cookbook Sales	11,995	-	11,995	-
Other revenue	10	-	10	226
Net assets released from restrictions:				
Satisfaction of time	215,000	(215,000)	-	-
Satisfaction of program	100,457	(100,457)	-	-
<b>Total Revenue and Reclassifications</b>	<u>339,885</u>	<u>(315,457)</u>	<u>24,428</u>	<u>12,617</u>
<b>Total Public Support, Revenue and     Reclassifications</b>	<u>1,088,208</u>	<u>(4,629)</u>	<u>1,083,579</u>	<u>945,407</u>
<b>Expenses</b>				
Program Services	908,054	-	908,054	794,000
Supporting Services				
Management and general	67,982	-	67,982	62,166
Fundraising	41,427	-	41,427	35,701
<b>Total Supporting Services</b>	<u>109,409</u>	<u>-</u>	<u>109,409</u>	<u>97,867</u>
<b>Total Expenses</b>	<u>1,017,463</u>	<u>-</u>	<u>1,017,463</u>	<u>891,867</u>
Operating Change in Net Assets	70,745	(4,629)	66,116	53,540
Net Assets, Beginning of Year	<u>408,241</u>	<u>338,049</u>	<u>746,290</u>	<u>692,750</u>
Net Assets, End of Year	<u>\$ 478,986</u>	<u>\$ 333,420</u>	<u>\$ 812,406</u>	<u>\$ 746,290</u>

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

**UNITED WAY OF MOWER COUNTY, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended March 31, 2010

(With Comparative Totals for the year ended March 31, 2009)

	<u>SUPPORT SERVICES</u>				<u>Totals</u>	
	Program Services	Management and General	Fundraising	Total Supporting Services	2010	2009
		General		Services	2010	2009
Salaries	\$ 52,084	\$ 41,870	\$ 8,170	\$ 50,040	\$ 102,124	\$ 90,686
Payroll taxes	4,258	3,423	667	4,090	8,348	6,885
Employee benefits	2,294	1,844	360	2,204	4,498	1,250
Professional fees	-	5,525	-	5,525	5,525	5,225
Supplies	551	414	414	828	1,379	1,740
Telephone	859	645	645	1,290	2,149	1,116
Postage and shipping	955	716	716	1,432	2,387	2,617
Rent	6,968	5,227	5,227	10,454	17,422	16,915
Equipment maintenance	1,944	1,458	1,458	2,916	4,860	3,884
Campaign and awards	-	-	8,300	8,300	8,300	9,658
Marketing expense	2,889	-	2,888	2,888	5,777	8,296
Fax and internet	251	188	188	376	627	358
Conferences and meetings	1,800	1,351	1,351	2,702	4,502	-
Dues and subscriptions	4,129	3,096	3,096	6,192	10,321	10,328
Insurance	983	738	738	1,476	2,459	2,510
Agency allocations	710,750	-	-	-	710,750	668,133
Community Impact Grants	-	-	-	-	-	14,500
Community Impact Fund	504	-	-	-	504	956
Community Needs Assessment	37,101	-	-	-	37,101	-
Success by Six expenses	61,424	-	-	-	61,424	35,222
Get Fit Program expenses	9,893	-	-	-	9,893	4,045
Coat Drive expenses	4,645	-	-	-	4,645	2,005
Day of Caring expense	1,789	-	-	-	1,789	-
Cookbook Expense	-	-	4,898	4,898	4,898	-
Sales Tax Expense	-	-	824	824	824	-
Depreciation expense	1,497	1,123	1,123	2,246	3,743	3,911
Other expense	486	364	364	728	1,214	1,627
<b>Total</b>	<b>\$908,054</b>	<b>\$ 67,982</b>	<b>\$ 41,427</b>	<b>\$ 109,409</b>	<b>\$1,017,463</b>	<b>\$ 891,867</b>

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

**UNITED WAY OF MOWER COUNTY, INC.**

STATEMENT OF CASH FLOWS

For the Year Ended March 31, 2010

(With Comparative Amounts for the year ended March 31, 2009)

	2010	2009
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 66,116	\$ 53,540
Non-cash transactions		
Depreciation expense	3,743	3,911
Adjustments to reconcile increase in net assets to net cash provided (used) by operations		
Decrease (increase) in assets		
Promises to give	(99,729)	(24,700)
Increase (decrease) in operating liabilities		
Allocations payable	39,059	4,566
Other payables	998	(2,124)
<b>Net cash provided by operating activities</b>	10,187	35,193
<b>Cash flows from investing activities</b>		
Long term Certificate of Deposit called	-	30,000
<b>Net cash provided by investment activities</b>	-	30,000
Increase (decrease) in cash	10,187	65,193
Cash, beginning of year	591,875	526,682
Cash, end of year	\$ 602,062	\$ 591,875
Supplemental data		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

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

# UNITED WAY OF MOWER COUNTY, INC.

## NOTES TO FINANCIAL STATEMENTS

March 31, 2010

### NOTE 1 NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Organization

The United Way of Mower County, Inc. was established in 1958 as a non-profit corporation. It was established to promote and conduct annually, in Mower County, Minnesota, one united drive or campaign for contributions for charitable and humanitarian purposes and to make distributions of funds received to qualified non-profit organizations.

#### Basis of Presentation

The accompanying financial statements have been prepared on the modified accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the United Way of Mower County, Inc. and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the United Way of Mower County, Inc. and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. As of March 31, 2010 temporarily restricted net assets in the Operating Fund consist of a promise to give from the Hormel Foundation for \$220,000. This is the 2010 pledge to be paid in October 2010. Other temporarily restricted funds consist of \$3,871 from the Hormel Foundation for Born Learning Trail, \$94,761 for Success by Six Program (this includes a \$70,000 promise to give from the Hormel Foundation for next year's program), \$9,531 for the Get Fit Program, \$5,227 for Disaster Funds and \$30 for the SHIP program.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that the United Way of Mower County, Inc. maintains permanently. The United Way of Mower County, Inc. has no permanently restricted net assets.

#### 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. Accordingly, actual results could differ from those estimates.

## UNITED WAY OF MOWER COUNTY, INC.

### NOTES TO FINANCIAL STATEMENTS (continued) March 31, 2010

#### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Fixed Assets

Fixed assets of the United Way of Mower County, Inc. are recorded at historical cost. Depreciation is recorded over the useful life of the asset using straight-line depreciation. Donated equipment is recorded at fair market value at the time of the gift. The Organization had \$3,743 of depreciation expense for the year ended March 31, 2010. The United Way of Mower County, Inc. capitalizes equipment purchases exceeding \$500.

##### Functional Allocation of Expenses

The cost of providing the United Way of Mower County, Inc.'s various programs and supporting services have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among fundraising, program services, and supporting services benefited.

##### Cash

Cash consists of one checking account, one savings account, one short-term certificate of deposit and one money market. At March 31, 2010 all cash accounts are FDIC insured with the exception of the money market account held at First State Bank of Leroy with a value of \$251,604. The FDIC insurance limit is \$250,000.

##### Promises to Give

Promises to give as of March 31, 2010 consists of a promise to give from the Hormel Foundation for \$220,000 to be given in October 2010 for the fall of 2010 campaign. This amount has been recorded as a temporarily restricted net asset as these funds are intended for the fall of 2010 campaign and will be allocated to United Way Agencies in the year 2011. The Hormel Foundation also pledged \$70,000 for the Success by Six Program and \$3,871 for the Born Learning Trail to be used for the 2010-2011 year. Promises to give also includes \$494,285 of pledges made by individuals and business for the fall of 2009 campaign that had not been collected as of March 31, 2010 and \$6,245 of pledges on the fall of 2008 campaign that had not been collected as of March 31, 2010. An allowance for uncollectible promises of \$37,000 has been netted against the amount above.

##### Public Support and Revenue

Annual campaign contributions are generally available for unrestricted use in the related campaign year, unless specifically restricted by the donor. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value.

**UNITED WAY OF MOWER COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS (continued)

March 31, 2010

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Public Support and Revenue (continued)

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. The value of donated services is not included in the revenue or expenses of the United Way of Mower County, Inc.

NOTE 3 OPERATING LEASE - RENT

On August 16, 2006 the United Way of Mower County, Inc. signed a new lease for building space with U.S. Bank National Association. The lease runs through August 31, 2011. Total rent expense for the year ended March 31, 2010 was \$17,422. Rent increases are scheduled as shown below:

<u>Term</u>	<u>Annual Rent</u>	<u>Monthly Rent</u>
September 1, 2008 – August 31, 2009	\$ 17,076	\$ 1,423
September 1, 2009 – August 31, 2010	17,592	1,466
September 1, 2010 – August 31, 2011	18,120	1,510

NOTE 4 TAX-EXEMPT STATUS

The United Way of Mower County, Inc. is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, the United Way of Mower County, Inc. has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the year ended March 31, 2010.

The Organization has not been audited by the Internal Revenue Service or Minnesota Revenue, and accordingly the income tax returns for the past three years are open to examination.

NOTE 5 CHANGES IN FIXED ASSETS

The Organization had fixed assets totaling \$15,671 for the fiscal year ended March 31, 2010. There were no additions or deletions during the year.

**UNITED WAY OF MOWER COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS (continued)

March 31, 2010

NOTE 6 AGENCY ALLOCATIONS

Member agencies requesting funds submit proposals of their needs to the Organization's Community Investment Committee. Community volunteer panels chaired by the Committee members review applications and make recommendations to the Board of Directors. The Board of Directors approves the amount of funds to be distributed. The grants to applicants are paid out evenly over the calendar year on a quarterly basis. First quarter allocations were paid in February 2010.

NOTE 7 CUSTODIAL ACCOUNT

The Organization is custodian of funds distributed by the Hormel Foundation to specific approved agencies. For the year ended March 31, 2010 the Organization received and disbursed \$1,201,689 under this agency arrangement for the Hormel Foundation. These amounts are not recorded as revenue or as expense on the books of the United Way of Mower County, Inc., since the funds are transfers of assets to other not-for-profit organizations.

NOTE 8 TRANSFERS OF ASSETS TO A NOT-FOR-PROFIT ORGANIZATION

The United Way of Mower County, Inc. receives contributions that are designated for Non-United Way agencies. These funds are received by the United Way and forwarded on to the designated beneficiary. Accounting standards state that these types of contributions are not to be considered as a contribution to the United Way as another agency is the final beneficiary of those gifts. These have been removed from the revenue and expense in these statements.

NOTE 9 RELATED PARTY TRANSACTIONS

Kristi Stasi, a Board Member of the United Way of Mower County, Inc., is an employee of the YMCA of Austin. The YMCA of Austin received an allocation of \$61,500 from the United Way during the year ended March 31, 2010.

The husband of Cathy Hirst, the Treasurer of the United Way of Mower County, Inc., is on the Board of Directors for Cedar Valley Services. Cedar Valley Services received an allocation of \$21,930 during the year ended March 31, 2010.

**UNITED WAY OF MOWER COUNTY, INC.**

NOTES TO FINANCIAL STATEMENTS (continued)  
March 31, 2010

NOTE 10 SUBSEQUENT EVENTS

In preparing these financial statements the Organization has evaluated events and transactions for potential recognition or disclosure through July 15, 2010, the date the financial statements were available to be issued.

NOTE 11 SUMMARIZED FINANCIAL INFORMATION FOR 2009

The financial information for the year ended March 31, 2009 is presented for comparative purposes, and is not intended to be complete financial statement presentation.

## **Section II**

### **Supplementary Information**

**UNITED WAY OF MOWER COUNTY, INC.**

**SUPPLEMENTARY SCHEDULE OF ALLOCATIONS TO AGENCIES**

Grant Pledges for the year ended March 31, 2010

Adams Area Ambulance	\$ 5,000
American Red Cross	120,000
Arc Mower County	63,550
Catholic Charities	18,850
Cedar Branch	26,425
Cedar Valley Services	21,930
Children's Dental Health Services	17,500
Crime Victim's Resource Center	27,000
Girl Scouts of Minnesota and Wisconsin River Valleys	19,000
Habitat for Humanity	500
Hormel Historic Home	8,995
Mediation Center of Southern Minnesota	5,700
Mower Council for the Handicapped, Inc.	46,000
Mower County Mentoring	10,000
Mower County Seniors, Inc.	44,800
Parenting Resource Center	47,000
Salvation Army	77,500
SEMCAC	500
Southern Minnesota Regional Legal Services	10,000
Twin Valley Boy Scouts	20,000
Wapiti Meadows CTS, Inc.	28,500
Wapiti Meadows FSC	6,000
Welcome Center	25,500
YMCA of Austin	61,500
Prior Year Allocation Forfeited by Agency	<u>(1,000)</u>
Total allocations to be paid out in the 2010 calendar year	<u><u>\$ 710,750</u></u>

**UNITED WAY OF MOWER COUNTY, INC.**

**SUPPLEMENTARY SCHEDULE OF CUSTODIAL ACCOUNT ALLOCATIONS**  
Allocations Received and Transferred for the year ended March 31, 2010

American Red Cross	\$ 3,648
Arc Mower County	13,679
Children's Dental Health Services	11,000
Girl Scouts of Minnesota and Wisconsin River Valleys	10,000
Habitat for Humanity	11,000
Hormel Historic Home	1,010,000
Mediation Center of Southern Minnesota	1,500
Mower Council for the Handicapped, Inc.	2,819
Mower County Mentoring	2,000
Parenting Resource Center	58,843
Twin Valley Boy Scouts	1,500
Wapiti Meadows CTS, Inc.	10,700
Welcome Center	<u>65,000</u>
Total allocations received and transferred	<u><u>\$ 1,201,689</u></u>

**UNITED WAY OF MOWER COUNTY, INC.**

**SUPPLEMENTARY SCHEDULE OF ALLOCATIONS TO  
NON-MOWER COUNTY UNITED WAY AGENCIES  
Allocations Paid Out in February 2010 from Fall 2009 Campaign**

Albert Lea Medical Hospice	\$ 87
Alzheimer's Association	50
American Cancer Society	218
Austin Medical Center Foundation	197
Birthright of Mower County	42
Brownsdale Fire Department	175
Gillette Children's Specialty Hospital	131
Grand Meadow Ambulance	328
Marshalltown United Way	175
Mower County Humane Society	355
Ronald McDonald House	22
Shriners Hospitals	218
United Way of Dodge County	218
United Way of Freeborn County	1,544
United Way of North Central Iowa	480
United Way of Olmsted County	116
United Way of Steele County	17
United Way of West Central MN	42
	<hr/>
Total allocations paid out in February 2010 from Fall 2009 Campaign to Non-United Way Agencies	<u><u>\$ 4,415</u></u>