

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

FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT

For the Year Ended March 31, 2018

# UNITED WAY OF MOWER COUNTY, INC.

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

March 31, 2018

**BOARD OF DIRECTORS**

Annemarie Vaupel	President
Tami Yokiel	Vice President
Merrilyn Berg	Treasurer
Kim Duncomb	Secretary
Sarah Johnson	Board Member
Katie Baskin	Board Member
Steve King	Board Member
Jeff Baldus	Board Member
Sarah Nuss	Board Member
Tom Dankert	Board Member
Burke Egner	Board Member (resigned August 2017)
Diane Baker	Executive Director

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

326 North Main Street ♦ Austin, Minnesota 55912  
*Tele (507) 433-2264 Fax (507) 437-8251*

Greg A. Larson, C.P.A.

Ronald P. Walth, 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 financial statements of the United Way of Mower County, Inc. (a nonprofit organization) which comprise the statement of financial position as of March 31, 2018, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 entity'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 entity'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 above present fairly, in all material respects, the financial position of the United Way of Mower County, Inc. as of March 31, 2018, 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.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 12-14 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.

### **Report on Summarized Comparative Information**

We have previously audited the United Way of Mower County, Inc.'s financial statements for the year ended March 31, 2017, and our report dated July 11, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2017, is consistent in all material respects, with the audited financial statements from which it has been derived.

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

Hill, Larson & Walth, P.A.

July 18, 2018

## **Section I**

### **Basic Financial Statements**

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

STATEMENT OF FINANCIAL POSITION

March 31, 2018

(With Comparative Amounts for March 31, 2017)

	2018	2017
<b>Assets</b>		
Current Assets		
Cash	\$ 537,167	\$ 505,616
Accounts receivable	10	-
Prepaid expenses	2,669	2,622
Accrued interest	1,611	1,581
Promises to give, net of allowance for uncollectible of \$62,000 at March 31, 2018	1,013,734	967,791
Total Current Assets	1,555,191	1,477,610
Furniture and Equipment		
Furniture and equipment	27,285	26,186
Allowance for depreciation	(23,507)	(20,177)
Net Furniture and Equipment	3,778	6,009
Total Assets	\$ 1,558,969	\$ 1,483,619
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Accounts payable	\$ 9,486	\$ 9,482
Employee benefits payable	4,729	1,950
Allocations payable - United Way Agencies	935,067	934,356
Allocations payable - Non-Agency	6,330	6,271
Total Current Liabilities	955,612	952,059
Net Assets		
Unrestricted	385,322	305,819
Temporarily restricted	218,035	225,741
Total Net Assets	603,357	531,560
Total Liabilities and Net Assets	\$ 1,558,969	\$ 1,483,619

*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, 2018

(With Comparative Totals for the year ended March 31, 2017)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	
			2018	2017
<b>Public Support, Revenue and Reclassifications</b>				
<b>Public Support</b>				
Contributions - United Way Campaign	\$ 1,216,792	\$ -	\$ 1,216,792	\$ 1,141,226
Success by Six Contributions	-	150,000	150,000	150,000
Day of Caring	-	7,775	7,775	85
Coat Drive	-	5,586	5,586	6,395
Community Connect	-	5,000	5,000	-
WLI Memberships	-	3,377	3,377	9,335
WLI Contributions	-	15,768	15,768	23,114
Total Public Support	<u>1,216,792</u>	<u>187,506</u>	<u>1,404,298</u>	<u>1,330,155</u>
<b>Revenue and Reclassifications</b>				
Investment income	7,029	-	7,029	1,893
Unrealized gain (loss) on investment	(2,061)	-	(2,061)	1,463
Realized gain (loss) on investment	707	-	707	59
Loss on disposal	-	-	-	(2,075)
WLI event revenue	-	15,105	15,105	15,994
Other revenue	149	-	149	1,680
Net assets released from restrictions:				
Satisfaction of program	210,317	(210,317)	-	-
Total Revenue and Reclassifications	<u>216,141</u>	<u>(195,212)</u>	<u>20,929</u>	<u>19,014</u>
Total Public Support, Revenue and Reclassifications	1,432,933	(7,706)	1,425,227	1,349,169
<b>Expenses</b>				
Program Services	1,239,820	-	1,239,820	1,278,982
Supporting Services				
Management and general	69,210	-	69,210	79,656
Fundraising	44,400	-	44,400	48,935
Total Supporting Services	<u>113,610</u>	<u>-</u>	<u>113,610</u>	<u>128,591</u>
Total Expenses	<u>1,353,430</u>	<u>-</u>	<u>1,353,430</u>	<u>1,407,573</u>
Operating Change in Net Assets	79,503	(7,706)	71,797	(58,404)
Net Assets, Beginning of Year	<u>305,819</u>	<u>225,741</u>	<u>531,560</u>	<u>589,964</u>
Net Assets, End of Year	<u>\$ 385,322</u>	<u>\$ 218,035</u>	<u>\$ 603,357</u>	<u>\$ 531,560</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, 2018

(With Comparative Totals for the year ended March 31, 2017)

	SUPPORT SERVICES				Totals	
	Program Services	Management and		Total		
		General	Fundraising	Supporting Services	2018	2017
Salaries	\$ 100,926	\$ 40,837	\$ 12,995	\$ 53,832	\$ 154,758	\$ 137,734
Payroll taxes and benefits	10,805	4,372	1,391	5,763	16,568	12,487
Contracted Services	480	360	360	720	1,200	2,911
Mileage	74	56	56	112	186	415
Professional fees	-	7,487	-	7,487	7,487	7,480
Supplies	510	382	382	764	1,274	1,492
Telephone	1,410	1,058	1,058	2,116	3,526	2,895
Office Supplies	157	117	117	234	391	237
Rent	6,240	4,680	4,680	9,360	15,600	16,600
Utilities	-	-	-	-	-	1,734
Maintenance and small equipment	1,566	1,174	1,174	2,348	3,914	4,942
Campaign and awards	-	-	8,631	8,631	8,631	11,149
Marketing	1,162	-	1,162	1,162	2,324	5,273
Conferences and meetings	4,546	-	-	-	4,546	5,127
Dues and subscriptions	6,286	4,714	4,714	9,428	15,714	15,090
Insurance	1,186	889	889	1,778	2,964	2,470
Tech support	647	485	485	970	1,617	1,406
Employee Incentives	821	332	106	438	1,259	-
Credit cards and stock fees	155	116	116	232	387	287
Agency allocations	911,067	-	-	-	911,067	932,856
Board approved grants	3,142	-	-	-	3,142	14,395
Board training	-	410	-	410	410	727
United Acts of Kindness	-	-	-	-	-	137
Success by six	141,027	-	-	-	141,027	140,908
WLI	32,090	-	4,344	4,344	36,434	75,656
Coat drive	4,440	-	-	-	4,440	7,891
Day of caring	5,468	-	-	-	5,468	995
Moving Expense	-	-	-	-	-	672
Community Connect	3,295	-	-	-	3,295	-
Depreciation	1,332	999	999	1,998	3,330	2,990
Other	988	742	741	1,483	2,471	617
<b>Total</b>	<b>\$ 1,239,820</b>	<b>\$ 69,210</b>	<b>\$ 44,400</b>	<b>\$ 113,610</b>	<b>\$ 1,353,430</b>	<b>\$ 1,407,573</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, 2018

(With Comparative Amounts for the year ended March 31, 2017)

	2018	2017
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 71,797	\$ (58,404)
Non-cash transactions		
Depreciation expense	3,330	2,990
Adjustments to reconcile increase in net assets to net cash provided (used) by operations		
Decrease (increase) in assets		
Promises to give	(45,943)	(221,253)
Accounts receivable	(10)	-
Accrued interest	(30)	(1,581)
Prepaid expenses	(47)	88
Increase (decrease) in operating liabilities		
Allocations payable	770	(23,065)
Grants payable	-	(4,100)
Other payables	2,783	3,502
<b>Net cash provided by operating activities</b>	32,650	(301,823)
<b>Cash flows from investing activities</b>		
Sale (Purchase) of Fixed Assets	(1,099)	(2,166)
<b>Net cash provided by investment activities</b>	(1,099)	(2,166)
Increase (decrease) in cash	31,551	(303,989)
Cash, beginning of year	505,616	809,605
Cash, end of year	\$ 537,167	\$ 505,616
 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, 2018

NOTE 1 NATURE OF ORGANIZATION

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2018 temporarily restricted funds consist of \$183,358 for Success by Six Program, \$398 for the Born Learning Trail, \$2,459 for the 2-1-1 Program, \$24,888 for the WLI Backpack & Personal Care program, \$1,705 for Community Connect and \$5,227 for Disaster Funds.

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. currently 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, 2018

#### 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 \$3,330 of depreciation expense for the year ended March 31, 2018. The United Way of Mower County, Inc. capitalizes equipment purchases exceeding \$1,000 or a useful life of over 3 years.

##### 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, two money markets and four certificates of deposit. At March 31, 2018 there was \$31,622 of cash held at one bank that was not covered by FDIC insurance.

##### Promises to Give

Promises to give as of March 31, 2018 consist of the following:

Hormel Foundation 2017-2018 Pledge - Community Support	\$ 375,000
Hormel Foundation 2017-2018 Pledge - Success by Six	150,000
Other Pledges - Community Support	550,734
Less: Allowance for Uncollectible Pledges	(62,000)
Total Promises to Give net of allowance	<u>\$1,013,734</u>

##### 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.

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.

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

NOTES TO FINANCIAL STATEMENTS (continued)  
March 31, 2018

NOTE 3 OPERATING LEASE - RENT

On March 30, 2016 the Organization signed a lease for the new space effective February 1, 2017 for a 37 month term ending March 31, 2020. Total rent expense for the year ended March 31, 2018 was \$15,600. Future rent payments are scheduled as shown below:

Fiscal Year Ending March 31, 2019	\$ 15,600
Fiscal Year Ending March 31, 2020	\$ 15,600

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, 2018.

NOTE 5 INVESTMENTS

The Organization does not normally hold investments. A brokerage account is maintained to receive stock donations. Stock is sold shortly upon receipt. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

NOTE 6 CHANGES IN FIXED ASSETS

The Organization had fixed assets totaling \$27,285 for the fiscal year ended March 31, 2018. One new tablet was purchased during the year. No assets were disposed of.

NOTE 7 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 April 2018.

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

NOTES TO FINANCIAL STATEMENTS (continued)

March 31, 2018

NOTE 8 CUSTODIAL ACCOUNT

The Organization is custodian of funds distributed by the Hormel Foundation to specific approved agencies. For the year ended March 31, 2018 the Organization received and disbursed \$368,625 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., as the funds are transfers of assets to other not-for-profit organizations.

NOTE 9 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 other agencies are the final beneficiary of those gifts. These have been removed from the revenue and expense in these statements.

NOTE 10 SUBSEQUENT EVENTS

In preparing these financial statements the Organization has evaluated events and transactions for potential recognition or disclosure through July 18, 2018, the date the financial statements were available to be issued.

NOTE 11 RELATED PARTY TRANSACTIONS

Jeff Baldus, a Board Member of the United Way of Mower County, Inc., is a Board Member of Mower County Health and Human Services. The Organization received a Board approved grant of \$907 from the United Way during the year ended March 31, 2018.

NOTE 12 SUMMARIZED FINANCIAL INFORMATION FOR 2017

The financial information for the year ended March 31, 2017 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, 2018

Adams Area Ambulance Service	\$ 10,000
Apple Lane Community Child Care Center	28,500
Arc - Mower County	52,000
Cedar Branch Developmental Achievement Center	52,000
Cedar Valley Services, Inc.	30,000
Children's Dental Health Services	50,000
Comprehensive Human Services	65,000
Crime Victims Resource Center	30,000
Gerard Academy	15,000
Girl Scouts of Minnesota and Wisconsin River Valleys	26,000
Habitat for Humanity -Freeborn / Mower	30,000
Hormel Historic Home	26,500
Immigrant Law Center of Minnesota	5,000
Mower Council for the Handicapped, Inc.	60,900
Mower County Senior Center	48,200
Parenting Resource Center, Inc.	86,606
Salvation Army	91,000
Science Fair Mentoring Project, Inc.	4,361
Semcac	40,000
ServeMinnesota	6,500
Southeastern Minnesota Private Industry Council, Inc.	25,000
Southern Minnesota Regional Legal Services	20,000
Twin Valley Council Boy Scouts of America	8,000
Welcome Center, Inc.	67,500
YMCA of Austin, Minnesota	57,000
Prior year grant forfeited	(24,000)
Total allocations to be paid out in the 2018 -2019 fiscal year	<u>\$ 911,067</u>



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

**SUPPLEMENTARY SCHEDULE OF CUSTODIAL ACCOUNT ALLOCATIONS**

Allocations Received and Transferred for the year ended March 31, 2018

Arc - Mower County	\$ 1,279
Pacelli Catholic Schools	48,478
Welcome Center, Inc.	100,000
Children's Dental Health Services	75,000
Hormel Historic Home	11,500
Girl Scouts of Minnesota and Wisconsin Rivervalleys	20,000
Parenting Resource Center, Inc	95,000
Mower Council for the Handicapped, Inc.	2,368
Twin Valley Council Boy Scouts of America	15,000
Total allocations received and transferred	<u>\$ 368,625</u>

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

**SUPPLEMENTARY SCHEDULE OF ALLOCATIONS TO  
NON-MOWER COUNTY UNITED WAY AGENCIES  
Allocations Payable from Fall 2018 Campaign**

Brownsdale Fire Department	\$ 522
Catholic Charities	90
Mower County Humane Society	468
United Way of Dodge County	121
United Way of Fairbault	5
United Way of Freeborn County	4,494
United Way of Goodhue County	117
United Way of Hastings	5
United Way of North Central Iowa	140
United Way of Olmstead County	135
United Way of Steele County	9
United Way of Story County	224
Total Allocations to Non-Mower County United Way Agencies	<u>\$ 6,330</u>