

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

FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT

For the Year Ended March 31, 2019

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

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

March 31, 2019

**BOARD OF DIRECTORS**

Tami Yokiell	President
Tom Dankert	Vice President
Jennifer Riggs	Treasurer
Kim Duncomb	Secretary
Sarah Johnson	Board Member
Katie Baskin	Board Member
Steve King	Board Member
Amy Baskin	Board Member
Annemarie Vaupel	Board Member
Merrilyn Berg	Board Member (Resigned March 2019)
Diane Baker	Executive Director (Resigned May 2019)
Molly Lanke	Inerim Executive Director (Beginning May 2019)

**HILL, LARSON & WALTH, P.A.**

*Certified Public Accountants*

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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, 2019, 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, 2019, 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 13-15 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 March 31, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 18, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2018, 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.

June 17, 2019

## **Section I**

### **Basic Financial Statements**

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

STATEMENT OF FINANCIAL POSITION

March 31, 2019

(With Comparative Amounts for March 31, 2018)

	2019	2018
<b>Assets</b>		
Current Assets		
Cash	\$ 593,580	\$ 537,167
Accounts receivable	9,297	10
Prepaid expenses	2,862	2,669
Accrued interest	1,291	1,611
Promises to give with donor restrictions	155,000	150,000
Promises to give, net of allowance for uncollectible of \$47,655 at March 31, 2019	871,064	863,734
Total Current Assets	1,633,094	1,555,191
Furniture and Equipment		
Furniture and equipment	27,285	27,285
Allowance for depreciation	(25,221)	(23,507)
Net Furniture and Equipment	2,064	3,778
Total Assets	\$ 1,635,158	\$ 1,558,969
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Accounts payable	\$ 16,333	\$ 9,486
Payroll Liabilities	6,704	-
Employee benefits payable	4,730	4,729
Grants Payable - WLI	5,000	-
Allocations payable - United Way Agencies	914,817	935,067
Allocations payable - Non-Agency	5,070	6,330
Total Current Liabilities	952,654	955,612
Net Assets		
Net assets without donor restrictions	459,576	385,322
Net assets with donor restrictions	222,928	218,035
Total Net Assets	682,504	603,357
Total Liabilities and Net Assets	\$ 1,635,158	\$ 1,558,969

*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, 2019

(With Comparative Totals for the year ended March 31, 2018)

	<u>Without</u>	<u>With</u>	<u>Totals</u>	
	<u>Donor</u>	<u>Donor</u>	<u>2019</u>	<u>2018</u>
	<u>Restrictions</u>	<u>Restrictions</u>		
<b>Public Support, Revenue and Reclassifications</b>				
<b>Public Support</b>				
Contributions - United Way Campaign	\$ 1,231,110	\$ -	\$ 1,231,110	\$ 1,216,792
Success by Six Contributions	-	155,000	155,000	150,000
Grants	-	4,930	4,930	-
Day of Caring	-	-	-	7,775
Coat Drive	-	3,130	3,130	5,586
Community Connect	-	1,500	1,500	5,000
WLI Memberships	-	-	-	3,377
WLI Contributions	-	17,380	17,380	15,768
Total Public Support	<u>1,231,110</u>	<u>181,940</u>	<u>1,413,050</u>	<u>1,404,298</u>
<b>Revenue and Reclassifications</b>				
Investment income	7,863	-	7,863	7,029
Unrealized gain (loss) on investment	353	-	353	(2,061)
Realized gain (loss) on investment	(250)	-	(250)	707
WLI event revenue	-	13,633	13,633	15,105
Other revenue	375	-	375	149
Net assets released from restrictions:				
Satisfaction of program	<u>190,680</u>	<u>(190,680)</u>	<u>-</u>	<u>-</u>
Total Revenue and Reclassifications	<u>199,021</u>	<u>(177,047)</u>	<u>21,974</u>	<u>20,929</u>
Total Public Support, Revenue and Reclassifications	1,430,131	4,893	1,435,024	1,425,227
<b>Expenses</b>				
Program Services	1,225,294	-	1,225,294	1,239,820
Supporting Services				
Management and general	86,335	-	86,335	69,210
Fundraising	44,248	-	44,248	44,400
Total Supporting Services	<u>130,583</u>	<u>-</u>	<u>130,583</u>	<u>113,610</u>
Total Expenses	<u>1,355,877</u>	<u>-</u>	<u>1,355,877</u>	<u>1,353,430</u>
Operating Change in Net Assets	74,254	4,893	79,147	71,797
Net Assets, Beginning of Year	<u>385,322</u>	<u>218,035</u>	<u>603,357</u>	<u>531,560</u>
Net Assets, End of Year	<u>\$ 459,576</u>	<u>\$ 222,928</u>	<u>\$ 682,504</u>	<u>\$ 603,357</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, 2019

(With Comparative Totals for the year ended March 31, 2018)

	SUPPORT SERVICES				Totals	
	Program Services	Management and General		Total Supporting Services	2019	2018
		Fundraising				
Salaries	\$ 108,015	\$ 57,608	\$ 14,402	\$ 72,010	\$ 180,025	\$ 154,758
Payroll taxes and benefits	9,640	5,141	1,285	6,426	16,066	16,568
Contracted Services	-	-	-	-	-	1,200
Mileage	125	94	94	188	313	186
Professional fees	-	8,439	-	8,439	8,439	7,487
Supplies	535	401	401	802	1,337	1,274
Telephone	1,261	946	946	1,892	3,153	3,526
Office Supplies	221	166	165	331	552	391
Rent	6,240	4,680	4,680	9,360	15,600	15,600
Maintenance and small equipment	2,128	1,596	1,596	3,192	5,320	3,914
Campaign and awards	-	-	5,704	5,704	5,704	8,631
Marketing	1,261	-	1,262	1,262	2,523	2,324
Conferences and meetings	2,077	-	-	-	2,077	4,546
Dues and subscriptions	5,841	4,381	4,381	8,762	14,603	15,714
Insurance	1,066	799	799	1,598	2,664	2,964
Tech support	761	571	572	1,143	1,904	1,617
Employee Incentives	-	-	-	-	-	1,259
Credit cards and stock fees	141	105	105	210	351	387
Agency allocations	914,817	-	-	-	914,817	911,067
Board approved grants	3,954	-	-	-	3,954	3,142
Board and volunteer appreciation	-	401	-	401	401	410
Agency Investment	2,857	-	-	-	2,857	-
Success by six	117,106	-	-	-	117,106	141,027
WLI	39,190	-	6,850	6,850	46,040	36,434
Coat drive	3,547	-	-	-	3,547	4,440
Day of caring	1,365	-	-	-	1,365	5,468
Community Connect	1,804	-	-	-	1,804	3,295
Depreciation	686	514	514	1,028	1,714	3,330
Other	656	493	492	985	1,641	2,471
<b>Total</b>	<b>\$ 1,225,294</b>	<b>\$ 86,335</b>	<b>\$ 44,248</b>	<b>\$ 130,583</b>	<b>\$ 1,355,877</b>	<b>\$ 1,353,430</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, 2019

(With Comparative Amounts for the year ended March 31, 2018)

	2019	2018
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 79,147	\$ 71,797
Non-cash transactions		
Depreciation expense	1,714	3,330
Adjustments to reconcile increase in net assets to net cash provided (used) by operations		
Decrease (increase) in assets		
Promises to give	(12,330)	(45,943)
Accounts receivable	(9,287)	(10)
Accrued interest	320	(30)
Prepaid expenses	(193)	(47)
Increase (decrease) in operating liabilities		
Allocations payable	(21,510)	770
Grants payable	5,000	-
Other payables	13,552	2,783
<b>Net cash provided by operating activities</b>	56,413	32,650
<b>Cash flows from investing activities</b>		
Purchase of Fixed Assets	-	(1,099)
<b>Net cash provided by investment activities</b>	-	(1,099)
Increase (decrease) in cash	56,413	31,551
Cash, beginning of year	537,167	505,616
Cash, end of year	\$ 593,580	\$ 537,167
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, 2019

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:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time. At March 31, 2019 net assets designated by the Board is as follows:

Board Discretionary Fund	\$ 465
Total Board Designated Reserves Included In Net Assets Without Donor Restrictions	<u>\$ 465</u>

Net Assets With Donor Restrictions – Net Assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained perpetually. Net assets with donor restrictions consist of the following:

Subject to expenditure for specified purpose:	
Technology	\$ 930
Disaster Fund	5,227
Community Connect	1,401
Success by Six	206,252
WLI	6,262
Born Learning Trail	398
2-1-1 Program	<u>2,458</u>
Total Net Assets With Donor Restrictions	<u>\$ 222,928</u>

UNITED WAY OF MOWER COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS (continued)  
March 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 \$1,714 of depreciation expense for the year ended March 31, 2019. 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 the following:

Checking	\$ 232,539
Savings	5
Accentra Money Market	8,767
RBC Money Market	2,560
RBC CD 1	100,000
RBC CD 2	149,974
RBC CD 3	49,897
RBC CD 4	49,838
Total Cash and Cash Equivalent	<u>\$ 593,580</u>

At March 31, 2019 there was \$2,560 of cash held at one bank that was not covered by FDIC insurance.

UNITED WAY OF MOWER COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS (continued)  
March 31, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Promises to Give

Promises to give as of March 31, 2019 consist of the following:

Hormel Foundation 2018-2019 Pledge - Community Support	\$ 390,000
Hormel Foundation 2018-2019 Pledge - Success by Six	155,000
Other Pledges - Community Support	528,719
Less: Allowance for Uncollectible Pledges	(47,655)
Total Promises to Give net of allowance	<u>\$1,026,064</u>

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, 2019 was \$15,600. Future rent payments are scheduled as shown below:

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

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, 2019. No assets were purchased or disposed of during the year.

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

NOTES TO FINANCIAL STATEMENTS (continued)

March 31, 2019

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 2019.

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, 2019 the Organization received and disbursed \$510,583 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 June 17, 2019, the date the financial statements were available to be issued.

NOTE 11 RELATED PARTY TRANSACTIONS

Tom Dankert, a Board Member of the United Way of Mower County, Inc., is a Board Member of the Hormel Foundation, and his wife Sheri Dankert is a key employee of the Hormel Foundation. The Hormel Foundation allocated \$155,000 for Success by Six and \$390,000 for the Community Investment to the United Way of Mower County, Inc during the year ended March 31, 2019.

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

NOTES TO FINANCIAL STATEMENTS (continued)

March 31, 2019

NOTE 12 NEW ACCOUNTING PRONOUNCEMENT

On August 18, 2016 FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The United Way of Mower County, Inc. has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTE 13 LIQUIDITY

The United Way of Mower County, Inc. has \$1,406,013 of current financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$525,652, accounts receivable of \$9,297 and promises to give net of allowance of \$871,064.

The United Way of Mower County, Inc. also holds \$67,928 of cash and \$155,000 of promises to give to cover the \$222,928 of net assets with donor restrictions and are not used for general operating expenses.

The United Way of Mower County, Inc. has a goal to maintain financial assets, which consist of cash, short-term investments and accounts receivable, on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$338,969. The United Way of Mower County, Inc. has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 14 SUMMARIZED FINANCIAL INFORMATION FOR 2018

The financial information for the year ended March 31, 2018 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, 2019

Adams Area Ambulance Service	\$ 15,000
Apple Lane Community Child Care Center	30,000
Cedar Branch Developmental Achievement Center	45,000
Cedar Valley Services, Inc.	35,000
Children's Dental Health Services	50,000
Comunidades Latinas Unidas En Servicio	5,000
Comprehensive Human Services	62,500
Crime Victims Resource Center	30,000
Gerard Academy	20,000
Girl Scouts of Minnesota and Wisconsin River Valleys	28,000
Habitat for Humanity -Freeborn / Mower	5,000
Hormel Historic Home	24,000
Immigrant Law Center of Minnesota	15,000
Life Mower County	42,000
Mower Council for the Handicapped, Inc.	59,500
Mower County Senior Center	44,600
Parenting Resource Center, Inc.	94,356
Salvation Army	88,000
Science Fair Mentoring Project, Inc.	4,361
Semcac	33,000
ServeMinnesota	6,500
Southern Minnesota Regional Legal Services	20,000
Twin Valley Council Boy Scouts of America	8,000
Welcome Center, Inc.	75,000
YMCA of Austin, Minnesota	50,000
Workforce Development	25,000
Total allocations to be paid out in the 2019 -2020 fiscal year	<u>\$ 914,817</u>

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

**SUPPLEMENTARY SCHEDULE OF CUSTODIAL ACCOUNT ALLOCATIONS**  
Allocations Received and Transferred for the year ended March 31, 2019

Austin Aspires	\$ 77,667
Life Mower County	3,300
Austin Catholic Schools	3,554
Children's Dental Health Services	75,000
Pacelli Catholic Schools	39,187
Parenting Resource Center	105,000
Comprehensive Human Services	30,000
Habitat for Humanity	35,000
Welcome Center	50,000
Twin Valley Boy Scouts	15,000
Hormel Historic Home	11,000
Mower Council for the Handicapped	12,375
Girl Scouts of MN and WI Rivervalley	20,000
Mower County Senior Center	3,500
Comprehensive Human Services	30,000
Total allocations received and transferred	<u>\$ 510,583</u>

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

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

American Cancer Society	\$ 346
American Heart Association	346
Big Brothers Big Sisters of Southern MN	86
Brownsdale Fire Department	234
Catholic Charties	95
Lutheran Social Services	86
United Way of Freeborn County	3,687
United Way of Olmstead County	50
United Way of Steele County	140
Total Allocations to Non-Mower County United Way Agencies	<u>\$ 5,070</u>