

UNITED WAY OF MOWER COUNTY, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED MARCH 31, 2024



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**UNITED WAY OF MOWER COUNTY, INC.
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YEAR ENDED MARCH 31, 2024**

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of United Way of Mower County, Inc. (a nonprofit corporation), which comprise the statement of financial position as of March 31, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Mower County, Inc. as of March 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of United Way of Mower County, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Mower County, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United Way of Mower County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Mower County, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We previously audited the United Way of Mower County, Inc. 2023 financial statements, and our report dated August 23, 2023, 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, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of allocations to agencies, schedule of custodial account allocations, and schedule of allocations to non-Mower County United Way agencies 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Austin, Minnesota
August 27, 2024

UNITED WAY OF MOWER COUNTY, INC.
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2024
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2023)

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 518,346	\$ 430,690
Investments	311,000	300,000
Accrued Interest	5,014	3,440
Pledges Receivable, Net	1,050,488	1,148,145
Prepaid Expenses and Other Assets	8,274	8,093
Total Current Assets	1,893,122	1,890,368
PROPERTY AND EQUIPMENT		
Furniture and Equipment	13,321	13,321
Less: Accumulated Depreciation	(9,468)	(7,542)
Total Property and Equipment	3,853	5,779
Total Assets	\$ 1,896,975	\$ 1,896,147
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 16,727	\$ 24,931
Accrued Expenses	11,967	9,280
Allocations Payable	879,350	894,350
Donor Designations Payable	1,536	2,396
Total Current Liabilities	909,580	930,957
NET ASSETS		
Without Donor Restrictions:		
Undesignated	580,910	657,884
Board-Designated	35,877	33,377
Total Without Donor Restrictions	616,787	691,261
With Donor Restrictions	370,608	273,929
Total Net Assets	987,395	965,190
Total Liabilities and Net Assets	\$ 1,896,975	\$ 1,896,147

See accompanying Notes to Financial Statements.

UNITED WAY OF MOWER COUNTY, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2024
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Totals
REVENUE, SUPPORT, AND GAINS				
Annual Campaign	\$ 1,215,191	\$ -	\$ 1,215,191	\$ 1,318,029
Less: Donor Designations	(1,536)	-	(1,536)	(2,396)
Less: Estimated Uncollectible Pledges	(50,000)	-	(50,000)	(50,000)
Net Campaign Contributions	1,163,655	-	1,163,655	1,265,633
Other Contributions	118,267	294,508	412,775	246,241
In-Kind Donations	-	16,722	16,722	8,022
Special Events	-	40,941	40,941	-
Net Investment Income	17,455	-	17,455	7,228
Other Income	1,349	-	1,349	260
Net Assets Released from Restrictions	255,492	(255,492)	-	-
Total Revenue, Support, and Gains	1,556,218	96,679	1,652,897	1,527,384
EXPENSES AND LOSSES				
Program Services Expense	1,466,806	-	1,466,806	1,286,054
Supporting Services Expenses:				
Management and General	111,794	-	111,794	87,087
Fundraising	52,092	-	52,092	44,966
Total Supporting Services Expenses	163,886	-	163,886	132,053
Total Expenses	1,630,692	-	1,630,692	1,418,107
CHANGE IN NET ASSETS	(74,474)	96,679	22,205	109,277
Net Assets - Beginning of Year	691,261	273,929	965,190	855,913
NET ASSETS - END OF YEAR	\$ 616,787	\$ 370,608	\$ 987,395	\$ 965,190

See accompanying Notes to Financial Statements.

UNITED WAY OF MOWER COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2024
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2023)

	Program Services	Management and General	Fundraising	Totals	
				2024	2023
Impact Grants and Awards	\$ 880,886	\$ -	\$ -	\$ 880,886	\$ 857,734
Less: Donor Designations	(1,536)	-	-	(1,536)	(2,396)
Impact Grants and Awards, Net	<u>879,350</u>	<u>-</u>	<u>-</u>	<u>879,350</u>	<u>855,338</u>
Salaries and Wages	128,627	68,601	17,150	214,378	177,963
Payroll Taxes	9,533	5,084	1,271	15,888	13,419
Employee Benefits	11,413	6,087	1,522	19,022	-
Total	<u>149,573</u>	<u>79,772</u>	<u>19,943</u>	<u>249,288</u>	<u>191,382</u>
Specific Assistance	399,825	-	-	399,825	283,351
Advertising	-	2,652	-	2,652	2,878
Campaign	-	-	9,722	9,722	11,371
Conferences and Meetings	5,315	3,986	3,986	13,287	2,016
Depreciation	770	578	578	1,926	-
Dues and Subscriptions	15,199	-	1,245	16,444	16,985
Equipment and Maintenance	796	597	597	1,990	1,073
Insurance	1,200	900	900	3,000	3,030
Miscellaneous	1,963	1,472	1,472	4,907	3,326
Occupancy	7,920	5,940	5,940	19,800	19,800
Postage	-	317	-	317	413
Professional Fees	-	11,908	-	11,908	9,954
Special Events	-	-	4,037	4,037	4,438
Supplies	342	257	257	856	1,606
Telephone and Technology	<u>4,553</u>	<u>3,415</u>	<u>3,415</u>	<u>11,383</u>	<u>11,146</u>
Total Functional Expenses	<u>\$ 1,466,806</u>	<u>\$ 111,794</u>	<u>\$ 52,092</u>	<u>\$ 1,630,692</u>	<u>\$ 1,418,107</u>

See accompanying Notes to Financial Statements.

UNITED WAY OF MOWER COUNTY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2024
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 22,205	\$ 109,277
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	1,926	-
Uncollected Pledges Adjustment	50,000	50,000
Changes in Operating Assets and Liabilities:		
Accrued Interest	(1,574)	(3,440)
Promises to Give, Net	47,657	(228,364)
Prepaid Expenses and Other Assets	(181)	(1,088)
Accounts Payable	(8,204)	13,056
Accrued Expenses	2,687	1,821
Allocations Payable	(15,000)	63,125
Donor Designations Payable	(860)	1,577
Net Cash Provided by Operating Activities	98,656	5,964
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(413,000)	(300,000)
Proceeds from Sales of Investments	402,000	-
Purchases of Property and Equipment	-	(5,779)
Net Cash Used by Investing Activities	(11,000)	(305,779)
NET CHANGE IN CASH AND CASH EQUIVALENTS	87,656	(299,815)
Cash and Cash Equivalents - Beginning of Year	430,690	730,505
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 518,346	\$ 430,690

See accompanying Notes to Financial Statements.

UNITED WAY OF MOWER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2023)

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Organization

The United Way of Mower County, Inc. (the Organization) was established in 1958 as a nonprofit 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 nonprofit organizations.

Comparative Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, such information should be read in conjunction with the audited financial statements for the year ended March 31, 2023, from which the summarized information was derived.

Cash and Cash Equivalents

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.

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Certificates of deposit are recorded at cost, which approximates fair value. Net investment return/(loss) is reported in the statements of activities and consists of interest income.

Pledges Receivable

Pledges receivable are due within one campaign collection cycle. Pledges are recorded as receivables and allowances are provided for amounts estimated to be uncollectible. The provision for uncollectible pledges is computed based upon historical averages, adjusted by management's estimate of current economic factors applied to the gross campaign.

Property and Equipment

The Organization records property and equipment additions over \$1,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of three years. 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 statement of activities and changes in net assets. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

UNITED WAY OF MOWER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2023)

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 a discretionary fund.

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

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as Net Assets Released from Restrictions.

Revenue and Revenue Recognition

Revenue is recognized when earned. The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a 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 met.

Advertising Costs

Advertising costs are expensed as incurred and totaled \$2,652 for the year ended March 31, 2024.

UNITED WAY OF MOWER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2023)

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Designation Processing and Membership Requirement M Compliance

Designations to other charitable organizations are charged a handling fee to cover the cost of fundraising and administration of these gifts.

The Organization follows costs deduction standards for membership requirement M. issued by United Way Worldwide to ensure uniformity of designation processing across the entire Organization system. This standard requires that designations paid to other charitable organizations are charged no more than the actual cost incurred to process and transfer gifts and that no additional processing fees will be charged against designations received from the Organization. Handling fees do not exceed the established maximum of a three-year average of fundraising and management and general cost as a percentage of total revenue taken from the three most recent Internal Revenue Service (IRS) Forms 990.

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among program, management and general, and fundraising. Direct personnel costs and other direct expenses that can be identified are allocated directly according to their natural expense classification. Salary, indirect personnel costs and other indirect expenses that are common to several functions are allocated to each functional expense category based on the best estimates of management.

Income Taxes

The Organization is classified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not subject to federal income taxes. As such, it is subject to federal and state income taxes on net unrelated business income.

The Organization follows the accounting standards for contingencies in evaluating uncertain tax positions and files as a tax-exempt organization. Should that status be challenged in the future, all years since inception could be subject to review by the IRS.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

UNITED WAY OF MOWER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2023)

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and unsecured receivables. Management believes the Organization's cash balances are maintained with quality financial institutions in order to offset the risk of loss that may occur when balances exceed the Federal Deposit Insurance Corporation limits on each account of \$250,000. The ability to collect pledges resulting from resource recruitment efforts is affected by general economic conditions in Mower County.

Leases

The Organization determines if an arrangement is a lease at inception. Leases are reported on the statement of financial position as a right-of-use (ROU) asset and lease liability. ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statements of financial position.

The Organization has a lease for office space that was entered into on April 1, 2023, which terminates on December 31, 2025. This lease has monthly rental payments of \$1,650 per month. The Organization determined the space lease was immaterial and chose to not record as a ROU asset and liability.

The following table summarizes the future commitments for the space lease as of March 31, 2024:

<u>Year Ending March 31,</u>	<u>Amount</u>
2025	\$ 19,800
2026	14,850
Total	<u>\$ 34,650</u>

UNITED WAY OF MOWER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2023)

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Subsequent Events

We have evaluated subsequent events through August 27, 2024, the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing program-related activities as well as the conduct of services undertaken to support those programs to be general expenditures.

At March 31, 2024, the following financial assets could be readily made available within one year of the statement of financial position date to meet general expenditures:

Financial Assets at Year-End:	
Cash and Cash Equivalents	\$ 518,346
Investments	311,000
Accrued Interest	5,014
Promises to Give, Net	<u>1,050,488</u>
Total Financial Assets at Year-End	1,884,848
Less: Amount Not Available to Meet General Expenditures Within One Year:	
Board Designated Assets	(35,877)
Restricted by Donors for Future Periods	<u>(370,608)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u><u>\$ 1,478,363</u></u>

UNITED WAY OF MOWER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2023)

NOTE 3 PLEDGES RECEIVABLE

Pledges receivable at March 31, 2024 are summarized as follows:

Hormel Foundation - Community Support	\$ 450,000
Hormel Foundation - Success by Six	215,000
Other Pledges Receivable	435,488
Less: Allowance for Uncollectible Pledges	<u>(50,000)</u>
Total	<u><u>\$ 1,050,488</u></u>

NOTE 4 CUSTODIAL ACCOUNT

The Organization is custodian of funds distributed by the Hormel Foundation to specific approved agencies. For the year ended March 31, 2024, the Organization received and disbursed \$626,291 under this agency agreement for the Hormel Foundation. These amounts are not recorded as revenue or as expense on the books of the Organization as the funds are transfers of assets to other nonprofit organizations.

NOTE 5 BOARD-DESIGNATED NET ASSETS

The Organization's board of directors has designated net assets without donor restrictions for the following purposes as of March 31, 2024:

Board Discretionary Fund	\$ 3,026
Student Support - Backpack Program	30,000
Student Support - Success Closet	2,000
Volunteerism	<u>851</u>
Total Board-Designated Net Assets	<u><u>\$ 35,877</u></u>

UNITED WAY OF MOWER COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2024
(WITH COMPARATIVE TOTALS AS OF MARCH 31, 2023)

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of March 31, 2024.

Subject to Expenditure for Specified Purpose:	
Success by Six	\$ 216,946
Student Support Programs	32,349
Disaster Fund	5,227
2-1-1 Program	2,458
Community Connect	992
Born Learning Trail	243
COVID-19 Fund	7,570
Food Security	<u>104,823</u>
Total Net Assets with Donor Restrictions	<u><u>\$ 370,608</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended March 31, 2024:

Satisfaction of Purpose Restrictions:	
Success by Six	\$ 221,181
Student Support Programs	34,160
Technology	<u>151</u>
Total Net Assets Released from Donor Restrictions	<u><u>\$ 255,492</u></u>

NOTE 7 RELATED PARTIES

There is a member of the board of directors of the Organization who holds a board of director position of the Hormel Foundation. The Hormel Foundation allocated \$665,000 to the Organization during the year ended March 31, 2024.

NOTE 8 IN-KIND DONATIONS

The Organization received donated supplies to be given to participants in various programs and sell at auctions during special events totaling \$16,722 during the year ended March 31, 2024. The donated supplies are measured at fair value which is determined based on the market prices of similar supplies that would have otherwise been purchased.

All donated supplies received by the Organization for the year ended March 31, 2024 were considered with donor restrictions as they were to be used for the student support programs.

UNITED WAY OF MOWER COUNTY, INC.
SCHEDULE OF ALLOCATIONS TO AGENCIES
YEAR ENDED MARCH 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

Adams Area Ambulance Service	\$ 15,000
Apple Lane Community Child Care Center	18,000
Cedar Valley Services, Inc.	34,000
Children's Dental Health Services	55,000
Comunidades Latinas Unidas En Servicio	20,000
Comprehensive Human Services	83,000
Crime Victims Resource Center	35,000
Nexus-Gerard Family Healing	70,000
Girl Scouts of Minnesota and Wisconsin River Valleys	7,500
Hormel Historic Home	31,500
Immigrant Law Center of Minnesota	30,000
LIFE Mower County	35,000
Mower Council for the Handicapped, Inc.	30,000
Mower County Seniors, Inc.	45,000
Parenting Resource Center, Inc.	146,850
Rachel's Hope	10,000
Recovery is Happening	12,500
Salvation Army	85,000
Semcac	40,000
ServeMinnesota	15,000
St. Olaf Wee Learning Center	20,000
Twin Valley Council Boy Scouts of America	6,000
Workforce Development	20,000
YMCA of Austin, Minnesota	<u>15,000</u>
 Total Allocations to be Paid Out in the 2024-2025 Fiscal Year	 <u><u>\$ 879,350</u></u>

UNITED WAY OF MOWER COUNTY, INC.
SCHEDULE OF CUSTODIAL ACCOUNT ALLOCATIONS
YEAR ENDED MARCH 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

Austin Aspires	\$ 78,000
Adams Area Ambulance	19,000
Channel One	8,399
Children's Dental Health Services	59,592
Comprehensive Human Services Foundation	60,000
Comunidades Latinas Unidas En Servicio	10,000
Girl Scouts River Valley	13,029
Hormel Historic Home	36,305
Immigrant Law Center of Minnesota	5,000
LIFE Mower County	12,030
Mower Council for the Handicapped, Inc.	9,466
Mower County Senior Center	10,500
Nexus Foundation - Gerard Academy Fund	238,266
Pacelli Catholic Schools, Inc.	45,294
Twin Valley Council Boy Scouts of America	15,000
Recovery is Happening	<u>6,410</u>
Total	<u><u>\$ 626,291</u></u>

UNITED WAY OF MOWER COUNTY, INC.
SCHEDULE OF ALLOCATIONS TO NON-UNITED WAY OF MOWER COUNTY AGENCIES
YEAR ENDED MARCH 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

United Way of Freeborn County	\$ 187
United Way of Olmsted County	404
Austin Area Foundation	936
United Way of Steele County	3
Rice County Area United Way	3
United Way of Goodhue, Wabasha, & Pierce	<u>3</u>
 Total	 <u><u>\$ 1,536</u></u>



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

We have audited the financial statements of United Way of Mower County, Inc. (the Organization), as of and for the year ended March 31, 2024, and have issued our report thereon dated August 27, 2024. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit in our engagement letter dated March 22, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by United Way of Mower County, Inc. are described in Note 1 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2024.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Uncorrected misstatements or the matters underlying uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if management has concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

Corrected misstatements

Management did not identify and we did not notify them of any financial statement misstatements detected as a result of audit procedures.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated August 27, 2024.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Other audit findings or issues

We have provided a separate communication to you dated August 27, 2024, communicating internal control related matters identified during the audit.

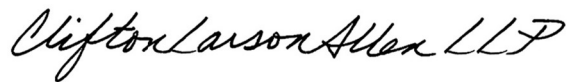
Supplementary information in relation to the financial statements as a whole

With respect to the schedule of allocations to agencies, schedule of custodial account allocations and schedule of allocations to non-Mower County United Way agencies (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated August 27, 2024.

The supplementary information accompanying the financial statements, which is the responsibility of management, was prepared for purposes of additional analysis and is not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on it.

* * *

This communication is intended solely for the information and use of the board of directors and management of United Way of Mower County, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Austin, Minnesota
August 27, 2024

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT
United Way of Mower County, Inc.
Year Ended March 31, 2024

UNCORRECTED MISSTATEMENTS OF AMOUNTS

Effect of misstatements on:

Description	Assets	Liabilities	Equity	Net Income
Unrecorded Right-of-Use Asset and Lease Liabilities	\$ 33,493	\$ (33,493)	\$ -	\$ -
Subtotals	33,493	(33,493)	-	-
Income tax effect				
Net current year misstatements (Iron Curtain Method)	33,493	(33,493)	-	-
Net prior year misstatements	-	-		-
Combined current and prior year misstatements (Rollover Method)	\$ 33,493	\$ (33,493)	\$ -	\$ -
Financial statement totals	1,896,975	(909,590)	(987,385)	(22,205)
Current year misstatement as a % of financial statement totals (Iron Curtain Method)	2%	4%		
Current and prior year misstatement as a % of financial statement totals (Rollover Method)	2%	4%		

INADEQUATE DISCLOSURES OR UNCORRECTED MISSTATEMENTS OF DISCLOSURES

Description	Amount (If Applicable)
Missing the qualitative disclosures for Lease Right-of-Use Asset and Lease Liability	



Board of Directors and Management
United Way of Mower County, Inc.
Austin, Minnesota

In planning and performing our audit of the financial statements of United Way of Mower County, Inc. (the Organization) as of and for the year ended March 31, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to fraud or error may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a material weakness.

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

Material weakness

We consider the following deficiency in the Organization's internal control to be a material weakness.

Oversight of the financial reporting process

The board of directors and management share the ultimate responsibility for the Organization's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced.

The Organization engages CliftonLarsonAllen LLP (CLA) to assist in preparing its financial statements and accompanying disclosures. However, as independent auditors, CLA cannot be considered part of the Organization's internal control system. As part of its internal control over the preparation of its financial statements, including disclosures, the Organization has implemented a comprehensive review procedure to ensure that the financial statements, including disclosures, are completed accurately. Such review procedures should be performed by an individual possessing a thorough understanding of accounting principles generally accepted in the United States of America and the knowledge of the Organization's activities and operations.

The Organization's personnel have not monitored recent accounting developments to the extent necessary to enable them to prepare the Organization's financial statements and related disclosures, to provide a high level of assurance that potential omissions or other errors that are material would be identified and corrected on a timely basis.

Other deficiencies in internal control and other matters

During our audit, we became aware of other deficiencies in internal control and other matters that are opportunities to strengthen your internal control and improve the efficiency of your operations. While the nature and magnitude of the other deficiencies in internal control were not considered important enough to merit the attention of board of directors, they are considered of sufficient importance to merit management's attention and are included herein to provide a single, comprehensive communication for both those charged with governance and management.

Password Policy

The Organization's password minimum length settings do not meet leading practice recommendations. Unauthorized access to application and network resources is obtained due to weak, easily identifiable passwords. We recommend the Organization enhance their current password settings to include the following: 14 characters minimum in length, complexity enabled, maximum age of 90 days. In order to maintain password security, we recommend the Organization consider using a password management tool to store, secure, and autofill passwords. Passwords are the weak link when it comes to online security and a password vault eliminates this problem and allows you to store and use unique, strong passwords. A password vault also allows for businesses to securely share passwords between employees as needed. With a password management tool, you only need to remember one password, your Master Password, which is the key to the rest of your login credentials – stored in a personal, encrypted password vault.

Review of User Access Policy

The Organization should develop formal, documented provisioning and deprovisioning procedures for new hires, changes of access, and terminations. Procedures should include timeliness of notification of change in employment status from HR, to timely adding/changing/removing of user access to the network, applications. New hire, change, and termination of access checklists should be part of the procedures and indicate access for the network, applications, and any physical technology assets provided to the employee. We noted that there is no formal process in place to review user access to the network on an annual basis. Terminated employee accounts could remain active and be inappropriately accessed by the individual or a malicious attacker. The Organization should perform a periodic user access review of network users to ensure that only active employees have active accounts, and that permissions are appropriate for the employee's role.

Policy for System Upgrades for Servers, Firewalls, and User's Computers

We recommend that all operating systems be updated and patched to the latest version that is supported by the vendor. This helps address security vulnerabilities. When an operating system reaches "end-of-life", it is likely that the vendor no longer issues patches for security vulnerabilities. The Organization should also document what the process for applying patches is, such as how often done and whether it is tested first. If patches and upgrades are not done on a consistent basis, then the Organization can become exposed. Hackers can use scanners to find vulnerable networks by checking exposed ports and then they can exploit vulnerable ports to get control over the device. A vulnerability scan is a specialized software that an organization can deploy to inspect the target attack surface. The vulnerability scanner then compares the target network's details with a database of known vulnerabilities, which is regularly updated to include newly discovered issues.


Backup Procedures

We recommend that formal data restore exercise should occur periodically to confirm that backed up data can be completely and accurately recovered. This involves simulating data restoration from backups and verifying the integrity and usability of the restored data, while also identifying and addressing potential issues.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various entity personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

* * *

This communication is intended solely for the information and use of management, board of directors, and others within the Organization, and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Austin, Minnesota
August 27, 2024