

UNITED WAY OF NORTHEASTERN MINNESOTA, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED MARCH 31, 2017 AND 2016

**UNITED WAY OF NORTHEASTERN MINNESOTA, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
United Way of Northeastern Minnesota, Inc.
Chisholm, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Northeastern Minnesota, Inc., which comprise the statements of financial position as of March 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

Board of Directors
United Way of Northeastern Minnesota, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Northeastern Minnesota, Inc., as of March 31, 2017 and 2016, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary program services 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Cloud, Minnesota
September 21, 2017

UNITED WAY OF NORTHEASTERN MINNESOTA, INC.
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2017 AND 2016

	2017	2016
ASSETS		
Cash	\$ 701,081	\$ 324,884
Cash - Deposits Held for Others	29,958	26,593
Investments	423,418	420,386
Accounts Receivable	2,600	-
Contributions Receivable, Less Allowance for Uncollectibles of \$30,000 and \$25,000 for 2017 and 2016, Respectively	618,371	659,566
Prepaid Expenses	-	1,204
Equipment, Net	25,328	27,047
Funds Held by Foundation	1,213,314	1,130,762
Funds Held by Lincoln Financial	26,865	3,900
	\$ 3,040,935	\$ 2,594,342
LIABILITIES AND NET ASSETS		
LIABILITIES		
Allocation and Designations Payable	\$ 510,341	\$ 559,347
Deposits Held for Others	29,958	26,593
Accounts Payable	20,759	16,947
Capital Lease Payable	4,388	6,397
Total Liabilities	565,446	609,284
NET ASSETS		
Unrestricted - Designated:		
Equipment	20,940	20,650
Funds Held by Foundation	1,213,314	1,130,762
Unrestricted - Undesignated	865,869	773,706
Temporarily Restricted	375,366	59,940
Total Net Assets	2,475,489	1,985,058
Total Liabilities and Net Assets	\$ 3,040,935	\$ 2,594,342

See accompanying Notes to Financial Statements.

UNITED WAY OF NORTHEASTERN MINNESOTA, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED MARCH 31, 2017 AND 2016

	2017	2016
UNRESTRICTED NET ASSETS		
PROGRAM SUPPORT AND REVENUE		
Gross Campaign Results	\$ 1,164,720	\$ 924,763
Less: Donor Designations	(19,145)	(16,544)
Less: Provision for Uncollected Accounts	(38,007)	(49,799)
Net Campaign Revenue	1,107,568	858,420
Contribution and Grant Income	-	106,250
Initiative Contributions	141,351	114,442
Gifts in Kind - Good 360	200,272	139,817
Special Events	261,886	232,559
Total Public Support	1,711,077	1,451,488
Investment Income	15,467	3,519
Change in Funds Held by Foundation	129,572	(45,115)
Total Revenue	1,856,116	1,409,892
ALLOCATIONS AND EXPENSES		
Allocations and Program Services:		
Gross Allocations to Agencies for Programs	622,632	528,686
Less: Donor Designations	(19,145)	(16,544)
Net Allocations Awarded	603,487	512,142
Initiative Distributions	367,706	324,539
Gifts in Kind Distributions	204,590	144,962
Program Services	282,068	282,381
Total Allocations and Program Services	1,457,851	1,264,024
Supporting Services:		
Management and General	66,369	66,443
Fundraising	156,891	119,705
Total Allocations and Expenses	1,681,111	1,450,172
CHANGE IN UNRESTRICTED NET ASSETS	175,005	(40,280)
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	300,000	-
Initiative Contributions	15,426	59,940
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	315,426	59,940
CHANGE IN NET ASSETS	490,431	19,660
NET ASSETS		
Beginning of Year	1,985,058	1,965,398
End of Year	\$ 2,475,489	\$ 1,985,058

See accompanying Notes to Financial Statements.

UNITED WAY OF NORTHEASTERN MINNESOTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2017

	Program Services	Management and General	Fundraising	Total
Gross Allocations to Agencies for Programs	\$ 622,632	\$ -	\$ -	\$ 622,632
Less: Donor Designations	(19,145)	-	-	(19,145)
Net Allocation Awarded	603,487	-	-	603,487
Special Events	-	-	90,521	90,521
Initiative Distributions	367,706	-	-	367,706
Gifts in Kind - Good 360 Distributions	204,590	-	-	204,590
Salaries	175,982	41,408	41,408	258,798
Payroll Taxes	13,529	3,183	3,183	19,895
Employee Benefits	41,610	9,791	9,791	61,192
Total Salaries and Related Expenses	231,121	54,382	54,382	339,885
Telephone	4,038	950	950	5,938
Supplies	753	177	177	1,107
Travel	4,579	1,077	1,077	6,733
Postage	1,650	388	388	2,426
Campaign Supplies	3,940	927	926	5,793
Professional Fees	9,905	2,331	2,331	14,567
Equipment Maintenance	755	178	178	1,111
Occupancy	7,000	1,647	1,647	10,294
Equipment Purchase	862	203	203	1,268
Training	1,596	376	376	2,348
Miscellaneous	1,410	331	332	2,073
Membership Dues	10,922	2,570	2,570	16,062
Depreciation	3,202	753	754	4,709
Interest Expense	335	79	79	493
Total Allocations and Expenses	<u>\$ 1,457,851</u>	<u>\$ 66,369</u>	<u>\$ 156,891</u>	<u>\$ 1,681,111</u>

See accompanying Notes to Financial Statements.

UNITED WAY OF NORTHEASTERN MINNESOTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2016

	Program Services	Management and General	Fundraising	Total
Gross Allocations to Agencies for Programs	\$ 528,686	\$ -	\$ -	\$ 528,686
Less: Donor Designations	(16,544)	-	-	(16,544)
Net Allocation Awarded	512,142	-	-	512,142
Special Events	-	-	53,262	53,262
Initiative Distributions	324,539	-	-	324,539
Gifts in Kind - Good 360 Distributions	144,962	-	-	144,962
Salaries	175,376	41,265	41,265	257,906
Payroll Taxes	13,536	3,185	3,185	19,906
Employee Benefits	38,659	9,096	9,096	56,851
Total Salaries and Related Expenses	227,571	53,546	53,546	334,663
Telephone	3,841	904	904	5,649
Supplies	881	207	207	1,295
Travel	4,230	995	995	6,220
Postage	1,156	272	272	1,700
Campaign Supplies	5,201	1,224	1,224	7,649
Professional Fees	9,720	2,287	2,287	14,294
Equipment Maintenance	1,072	252	252	1,576
Occupancy	6,698	1,576	1,576	9,850
Business and Special Meetings	994	234	234	1,462
Training	1,999	471	471	2,941
Miscellaneous	6,647	1,564	1,564	9,775
Membership Dues	7,944	1,869	1,869	11,682
Depreciation	4,024	947	947	5,918
Interest Expense	403	95	95	593
Total Allocations and Expenses	<u>\$ 1,264,024</u>	<u>\$ 66,443</u>	<u>\$ 119,705</u>	<u>\$ 1,450,172</u>

See accompanying Notes to Financial Statements.

UNITED WAY OF NORTHEASTERN MINNESOTA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2017 AND 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 490,431	\$ 19,660
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	4,709	5,918
Change in Beneficial Interest in Assets Held by Others	(94,936)	94,984
Gift of Stock	(10,581)	-
(Increase) Decrease in Assets:		
Contributions Receivable	41,195	89,799
Other Receivables	(2,600)	-
Prepaid Expenses	1,204	17,375
Allocations Payable and Designated Pledges	(49,006)	(314,604)
Increase (Decrease) in Liabilities:		
Accounts Payable	3,812	(681)
Deposits Held for Others	3,365	7,824
Restricted Contributions for Use on Fixed Assets	(300,000)	-
Net Cash Provided (Used) by Operating Activities	87,593	(79,725)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(3,032)	(7,195)
Increase in Construction in Process	(2,990)	-
Purchase of Equipment	-	(1,147)
Net Cash Used by Investing Activities	(6,022)	(8,342)
CASH FLOWS FROM FINANCING ACTIVITIES		
Restricted Contributions for Use on Fixed Assets	300,000	-
Payments on Capital Lease	(2,009)	(1,855)
Net Cash Provided (Used) by Financing Activities	297,991	(1,855)
NET INCREASE (DECREASE) IN CASH	379,562	(89,922)
Cash - Beginning of Year	351,477	441,399
CASH - END OF YEAR	\$ 731,039	\$ 351,477
SUPPLEMENTAL DISCLOSURES		
Cash	\$ 701,081	\$ 324,884
Cash - Deposits Held for Others	29,958	26,593
Total Cash	\$ 731,039	\$ 351,477

See accompanying Notes to Financial Statements.

UNITED WAY OF NORTHEASTERN MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Organization

United Way of Northeastern Minnesota, Inc. (the Organization) is a nonprofit organization whose mission is to unite and focus the communities of Northeastern Minnesota in creating measurable results to improve people's lives and strengthen families. To help fulfill this mission, the Organization coordinates numerous special events and also conducts an annual fundraising campaign, where pledges are received from both corporations and individuals. It is governed by a volunteer board of directors drawn from throughout the community, with separate advisory board in Koochiching County. A summary of the Organization's significant accounting policies follows:

Basis of Presentation

The financial statements of United Way of Northeastern Minnesota, Inc., have been prepared on the accrual basis of accounting. Receipts are recorded as an increase in unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor imposed restrictions. Accordingly, net assets of the Organization and changes therein, are classified and reported as follows:

Unrestricted – Resources over which the board of directors has discretionary control. The board of directors has designated unrestricted net assets for equipment and funds held by foundation.

Temporarily Restricted – Those resources subject to a donor-imposed restriction which will be satisfied by actions of the Organization or the passage of time.

Permanently Restricted – Those resources subject to a donor-imposed restriction that they be maintained permanently.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Investments

Investments consist of certificates of deposit which are recorded at amortized cost which approximates fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment income or loss, including gains and losses on investments, interest and dividends, is included in the statement of activities as increases or decreases in unrestricted net assets unless the income is restricted by donor or law.

**UNITED WAY OF NORTHEASTERN MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016**

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions Receivable

All contributions receivable are due in less than one year. Management determines the allowance for uncollectible accounts by using historical collection experience applied to pledges received by the Organization and by identifying troubled accounts. Contributions receivable are written off when deemed uncollectible. Recoveries of contributions receivable previously written off are recorded when received. Conditional promises to give are not included as support until the conditions are substantially met.

Equipment and Depreciation

The Organization capitalizes all expenditures of property and equipment with a useful life of greater than one year and a unit cost equal to or greater than \$500. Equipment is recorded at cost, or in the case of contributed property, at the fair value at the date of contribution. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of office equipment are recorded as unrestricted support.

Expenditures for renewals and improvements are capitalized while the cost of maintenance and repairs is charged to expense as incurred. When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts and any resulting gain or loss is reflected in income for the period.

Depreciation is determined using the straight-line method over the estimated useful lives, which ranges from 5 – 7 years.

	2017	2016
Equipment	\$ 53,170	\$ 53,170
Construction in Process	2,990	-
Less: Accumulated Depreciation	(30,832)	(26,123)
Net Equipment	\$ 25,328	\$ 27,047

Allocations and Designations Payable

Allocations and designations payable are campaign contributions received by the Organization from the annual campaign that will be distributed to various agencies.

Deposits Held for Others

Deposits held for others are monies received by the Organization as a result of managing funds received for the Cancer Walk and Serenity House. When funds are received they are held in cash and recorded as a liability. Substantially all monies received are distributed as instructed by the Cancer Walk's governance committee and Serenity House's board of directors, which reduces the liability.

UNITED WAY OF NORTHEASTERN MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Gifts in Kind – Good 360

Gifts in kind consist of donated materials which are reflected as in-kind contributions at their estimated value at the date of receipt. Donated services are recognized to the extent that such services meet specific criteria with respect to creating or enhancing nonfinancial assets or services which require specialized skills. A substantial number of volunteers have donated significant amounts of time to the Organization's programs and fundraising campaigns which did not meet the criteria for recognition in the accompanying financial statements.

Functional Allocation of Expenses

The costs of providing the various services and other activities have been presented on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Concentration of Credit Risk

Cash includes FDIC insured amounts on deposit at a financial institution which may at times exceed the federally insured amount. The Organization periodically evaluates the risk of exceeding insurance levels and may transfer funds as it deems appropriate.

Income Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state income tax laws. The Organization is not a private foundation and contributions to the Organization qualify as a charitable tax deduction by the contributor.

Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that required adjustment to the financial statements.

**UNITED WAY OF NORTHEASTERN MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016**

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Effect of Economic Conditions on Contributions

The Organization depends on contributions for a significant portion of its revenue. The ability of the Organization's contributors to continue giving amounts comparable with prior years may be dependent upon future economic conditions and continued deductibility for income tax purposes of contributions to the Organization. While the Organization's board of directors and management believe the Organization has the resources to continue its programs, its ability to do so and the extent to which it continues may be dependent on the above factors.

Subsequent Events

Management has evaluated subsequent events through September 21, 2017, the date the financial statements were available to be issued.

NOTE 2 FUNDS HELD BY FOUNDATION

United Way of Northeastern Minnesota, Inc. has established the United Way of Northeastern Minnesota Forever Fund at the Minnesota Community Foundation. Pursuant to the terms of the agreement establishing this fund, property contributed to Minnesota Community Foundation is held as a separate fund designated for the benefit of United Way of Northeastern Minnesota, Inc. In accordance with its spending policy, the Foundation makes annual distributions from the Fund to United Way of Northeastern Minnesota, Inc.

The portion of the Fund contributed by the Organization is reported as an asset of the Organization. The Organization has granted variance power to the Foundation. This variance power allows the Foundation to move funds received directly by the Foundation from the Fund to other Foundation endowment funds if deemed appropriate. The net income of the Fund shall be distributed at least annually to the Organization. The fund is recorded at fair value, which is estimated as the fair value of the underlying Fund assets. The valuation technique used by the Organization is a Level 3 measure.

	2017	2016
Beginning of Year	\$ 1,130,762	\$ 1,225,746
Distributions	(47,020)	(49,969)
Investment Return Earned	129,572	(45,015)
End of Year	<u>\$ 1,213,314</u>	<u>\$ 1,130,762</u>

UNITED WAY OF NORTHEASTERN MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

NOTE 3 ALLOCATIONS AND DESIGNATIONS PAYABLE

	<u>2017</u>	<u>2016</u>
Community Care Allocation Payable	\$ 491,196	\$ 542,803
Donor Designated Pledges	19,145	16,544
Total	<u>\$ 510,341</u>	<u>\$ 559,347</u>

The Organization receives various donor pledges that are designated for specific beneficiaries. The Organization is considered an agent for the donor-designated beneficiaries and, as such, records amounts received from the donor as a liability to the designated beneficiaries. The donor-designated pledges are not included in revenue of the Organization. During the years ended March 31, 2017 and 2016, the Organization raised \$19,145 and \$16,544, respectively, of donor designated pledges, of which amounts due to the designated beneficiaries are included in the above table.

NOTE 4 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2017</u>	<u>2016</u>
Child Care Expansion	\$ 44,481	\$ 31,650
Crisis Fund	30,885	28,290
Building Fund Income	300,000	-
Total Temporarily Restricted Net Assets	<u>\$ 375,366</u>	<u>\$ 59,940</u>

UNITED WAY OF NORTHEASTERN MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

NOTE 5 ALLOCATIONS TO AGENCIES

Allocations awarded and payable to agencies were as follows:

	<u>2017</u>	<u>2016</u>
Advocates for Family Peace	\$ 20,000	\$ 20,000
American Red Cross	1,500	1,500
Angel Fund	4,000	-
ARC Range Chapter	7,500	7,500
Area Food Banks	30,000	30,000
Arrowhead Center - Adolescent Meals	5,000	9,428
Boy Scouts/Voyageur Area Council	7,500	7,500
Boys & Girls Club of the North	-	10,000
Camp Chicagami	12,000	11,640
Care Partners	20,000	35,000
Early Reading Program	-	538
East Range DAC	12,500	10,000
Elder Services Network	4,000	5,000
Ely Community Health Center	10,400	-
Ely Community Resource	11,400	17,000
Floodwood Services and Training	15,000	12,000
Foster Grandparent Program	5,000	4,500
Habitat for Humanity - NSLC	15,000	15,000
Hibbing Kinship Mentoring Program	8,550	12,000
Homeless Youth Project - RMH	15,000	20,000
LSS Family Resource Center	40,000	25,000
Mesabi Family YMCA	7,500	15,000
Northwoods Care Partners	26,600	32,000
Project Care	35,000	30,000
Range Respite	-	20,000
Range Transitional Housing	35,000	35,000
RMHC - LEAP	10,000	10,000
Salvation Army - Hibbing	15,000	17,000
Salvation Army - Virginia	25,000	28,500
Second Harvest N. Lake Food Bank	20,000	10,000

UNITED WAY OF NORTHEASTERN MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

NOTE 5 ALLOCATIONS TO AGENCIES (CONTINUED)

	2017	2016
Sexual Assault Program of NSLC	\$ 30,000	\$ 25,000
Support Within Reach (Itasca AASA)	2,500	2,500
Twelfth Step House	-	10,000
United Way 211	-	4,000
Volunteers in Education	13,680	14,980
Iron Range Allocations	472,040	507,586
Fairview Homecare & Hospice	-	2,000
Falls Hunger Coalition	5,000	5,000
Friends Against Abuse	8,000	10,000
Koochiching Aging Options	3,000	3,000
Koochiching Senior Center	-	7,000
Salvation Army	19,458	20,000
Koochiching Allocations	35,458	47,000
Total Community Care Allocations	507,498	554,586
Smiles Across Minnesota	24,095	48,494
Imagination Library	66,032	63,457
Buddy Backpack	138,393	130,824
Transition Fund for Families in Crisis	4,230	2,032
United for Veterans	47,986	30,146
Bright Beginnings	13,789	8,286
Volunteer Portal Disbursement	2,500	2,500
Bright Beginnings - Parent Aware	9,500	8,000
Bright Beginnings - Expansion Grants	21,769	28,300
Crisis Fund 2016	33,986	2,500
Meet Up and Chow Down	5,426	-
Total Initiatives Distributions	367,706	324,539
Total Agency Allocations	\$ 875,204	\$ 879,125

These amounts do not include contributions that donors have designated for a specific beneficiary.

UNITED WAY OF NORTHEASTERN MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

NOTE 6 RETIREMENT PLAN

The Organization has a Simple IRA plan qualified under Section 408 of the IRC for all employees who meet certain eligibility requirements. The Organization contributed \$17,247 to the Plan during the years ended March 31, 2017 and 2016. Employees may also elect to make salary deferral contributions to the plan generally up to a maximum amount allowed by the IRC limits.

NOTE 7 FAIR VALUE MEASUREMENTS

The Organization reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by generally accepted accounting principles, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1 – Quoted prices for identical assets or liabilities in active markets to which the Organization has access at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets in markets that are not active;
- observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
- inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3 – Unobservable inputs for the asset or liability should be used to measure the fair value to the extent that observable inputs are not available.

The Organization's investments at fair value, which is comprised of Funds held at Lincoln Financial and Minnesota Community Foundation, as of March 31, 2017 and 2016 are as follows:

	2017			
	Level 1	Level 2	Level 3	Total
Funds Held at Lincoln Financial	\$ 26,865	\$ -	\$ -	\$ 26,865
Minnesota Community Foundation			1,213,314	1,213,314

	2016			
	Level 1	Level 2	Level 3	Total
Funds Held at Lincoln Financial	\$ 3,900	\$ -	\$ -	\$ 3,900
Minnesota Community Foundation			1,130,762	1,130,762

UNITED WAY OF NORTHEASTERN MINNESOTA, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2017 AND 2016

NOTE 8 COMMITMENTS

The Organization leases office space based upon a verbal agreement renewed annually. Total office space rent expense was \$8,700 for both the years ended March 31, 2017 and 2016.

The Organization has entered into a capital lease agreement for a copier. The lease term is five years beginning April 2014. The cost of the copier under the capital lease was \$10,000 and the corresponding accumulated depreciation was \$6,000 and \$4,000 at March 31, 2017 and 2016, respectively. Depreciation on the copier under the capital lease is included in depreciation expense.

Future capital lease payments, including interest, are as follows:

<u>Year Ending March 31,</u>	<u>Amount</u>
2018	\$ 2,448
2019	<u>2,304</u>
Total Minimum Lease Payments	4,752
Less: Amount Representing Interest on Capital Lease Payable	<u>(364)</u>
Net Minimum Capital Lease Payable	<u><u>\$ 4,388</u></u>

UNITED WAY OF NORTHEASTERN MINNESOTA, INC.
PROGRAM SERVICES
YEAR ENDED MARCH 31, 2017
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>Allocating</u>	<u>Planning</u>	<u>Other</u>	<u>Total</u>
Salaries	\$ 56,314	\$ 56,314	\$ 63,354	\$ 175,982
Payroll Taxes	4,329	4,329	4,871	13,529
Employee Benefits	13,315	13,315	14,980	41,610
Total Salaries and Related Expenses	<u>73,958</u>	<u>73,958</u>	<u>83,205</u>	<u>231,121</u>
Telephone	1,292	1,292	1,454	4,038
Supplies	241	241	271	753
Travel	1,465	1,465	1,649	4,579
Postage	528	528	594	1,650
Campaign Supplies	1,261	1,261	1,418	3,940
Professional Fees	3,170	3,170	3,565	9,905
Equipment Maintenance	242	242	271	755
Occupancy	2,240	2,240	2,520	7,000
Equipment Purchase	276	276	310	862
Training	511	511	574	1,596
Miscellaneous	451	451	508	1,410
Membership Dues	3,495	3,495	3,932	10,922
Depreciation	1,025	1,025	1,152	3,202
Interest Expense	107	107	121	335
Total	<u>\$ 90,262</u>	<u>\$ 90,262</u>	<u>\$ 101,544</u>	<u>\$ 282,068</u>

UNITED WAY OF NORTHEASTERN MINNESOTA, INC.
PROGRAM SERVICES
YEAR ENDED MARCH 31, 2016
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>Allocating</u>	<u>Planning</u>	<u>Other</u>	<u>Total</u>
Salaries	\$ 56,120	\$ 56,120	\$ 63,136	\$ 175,376
Payroll Taxes	4,332	4,332	4,872	13,536
Employee Benefits	12,371	12,371	13,917	38,659
Total Salaries and Related Expenses	<u>72,823</u>	<u>72,823</u>	<u>81,925</u>	<u>227,571</u>
Telephone	1,229	1,229	1,383	3,841
Supplies	282	282	317	881
Travel	1,354	1,354	1,522	4,230
Postage	370	370	416	1,156
Campaign Supplies	1,664	1,664	1,873	5,201
Professional Fees	3,110	3,110	3,500	9,720
Equipment Maintenance	343	343	386	1,072
Occupancy	2,143	2,143	2,412	6,698
Business and Special Meetings	318	318	358	994
Training	640	640	719	1,999
Miscellaneous	2,127	2,127	2,393	6,647
Membership Dues	2,542	2,542	2,860	7,944
Depreciation	1,288	1,288	1,448	4,024
Interest Expense	129	129	145	403
Total	<u>\$ 90,362</u>	<u>\$ 90,362</u>	<u>\$ 101,657</u>	<u>\$ 282,381</u>