

**UNITED WAY OF OTTER TAIL &
WADENA COUNTIES, INC.**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year Ended December 31, 2019 and 2018

UNITED WAY OF OTTER TAIL & WADENA COUNTIES, INC.

DIRECTORS AND MANAGEMENT

		Term Expires
Jeff Drake	President	2021
Jackie Hendrickson	Vice President/President Elect	2019
Mick Siems	Treasurer	2020
Diane Thorson	Secretary	2021
Lori Mattfeld	Past President	2019
Jose Alba	Director	2020
Brent E. Frazier	Director	2019
Diane Hanson	Director	2020
Dr. Randy Kempfer	Director	2019
Pastor Tom Peterson	Director	2021
Gary Sellman	Director	2019
Joann Thompson	Director	2021
Tim Kelly	Director	2021
Carolyn Glesne	Director	2021
Mary Phillipe	Executive Director	

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Otter Tail & Wadena Counties, Inc.
Fergus Falls, Minnesota

We have audited the accompanying financial statements of United Way of Otter Tail & Wadena Counties, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2019 and 2018, 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.

Auditor's 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 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 Organization'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 Organization'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.

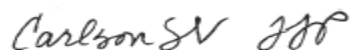
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to on the previous page present fairly, in all material respects, the financial position of United Way of Otter Tail & Wadena Counties, Inc. as of December 31, 2019 and 2018, and the changes in its 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of contributions to agencies as listed in the table of contents 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.



Fergus Falls, Minnesota
May 15, 2020

UNITED WAY OF OTTER TAIL & WADENA COUNTIES, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

ASSETS	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	\$ 236,724	\$ 243,657
Short-term investments	55,358	47,416
Pledges and grants receivable	137,302	142,672
Prepaid expense	1,842	1,784
Total Current Assets	431,226	435,529
 PROPERTY AND EQUIPMENT		
Property and equipment	50,679	40,829
Accumulated depreciation	(38,803)	(38,483)
Property and Equipment, Net	11,876	2,346
 TOTAL ASSETS	\$ 443,102	\$ 437,875
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 7,401	\$ 2,960
Accrued expenses	19,597	10,640
Total Current Liabilities	26,998	13,600
 NET ASSETS		
Without donor restrictions	87,697	93,525
With donor restrictions	328,407	330,750
Total Net Assets	416,104	424,275
 TOTAL LIABILITIES AND NET ASSETS	\$ 443,102	\$ 437,875

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

UNITED WAY OF OTTER TAIL & WADENA COUNTIES, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING ACTIVITIES						
Revenues, Gains, and Other Support						
Contributions and grants						
Campaign contributions	\$ 52,818	\$ 328,407	\$ 381,225	\$ 964	\$ 362,550	\$ 363,514
Fundraising events	81,802	-	81,802	98,128	-	98,128
All other contributions	75,414	-	75,414	65,918	-	65,918
Investment return, net	8,269	-	8,269	6,322	-	6,322
Miscellaneous revenue	2,483	-	2,483	7,899	-	7,899
Net assets released from restrictions						
Restrictions satisfied by payments	312,824	(312,824)	-	418,770	(418,770)	-
Uncollectible pledges	17,926	(17,926)	-	8,886	(8,886)	-
Total Support and Revenue	551,536	(2,343)	549,193	606,887	(65,106)	541,781
Expenses						
Program services	433,241	-	433,241	456,197	-	456,197
Support services						
Management and general	39,240	-	39,240	50,470	-	50,470
Fundraising	84,883	-	84,883	94,190	-	94,190
Total Expenses	557,364	-	557,364	600,857	-	600,857
CHANGE IN NET ASSETS	(5,828)	(2,343)	(8,171)	6,030	(65,106)	(59,076)
NET ASSETS, BEGINNING OF YEAR	93,525	330,750	424,275	87,495	395,856	483,351
NET ASSETS, END OF YEAR	<u>\$ 87,697</u>	<u>\$ 328,407</u>	<u>\$ 416,104</u>	<u>\$ 93,525</u>	<u>\$ 330,750</u>	<u>\$ 424,275</u>

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

UNITED WAY OF OTTER TAIL & WADENA COUNTIES, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended December 31, 2019 and 2018

	2019			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Grants and awards	\$ 345,322	\$ -	\$ -	\$ 345,322
Salaries and benefits	60,502	26,897	49,805	137,204
Fees for services	2,010	1,809	2,881	6,700
Advertising and promotion	5,948	-	5,068	11,016
Office expenses	9,389	4,216	8,479	22,084
Information technology	832	748	1,192	2,772
Occupancy	5,492	4,010	6,386	15,888
Travel and transportation	2,250	349	781	3,380
Conferences, conventions, and meetings	150	-	1,585	1,735
Depreciation	745	670	1,068	2,483
Insurance	601	541	862	2,004
Other expenses	-	-	6,776	6,776
TOTAL	<u>\$ 433,241</u>	<u>\$ 39,240</u>	<u>\$ 84,883</u>	<u>\$ 557,364</u>

	2018			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Grants	\$ 340,148	\$ -	\$ -	\$ 340,148
Salaries and benefits	85,549	36,738	58,717	181,004
Fees for services	1,810	1,629	2,593	6,032
Advertising and promotion	8,357	-	4,644	13,001
Office expenses	11,321	5,136	9,590	26,047
Information technology	1,382	1,244	1,981	4,607
Occupancy	4,543	4,089	6,512	15,144
Travel and transportation	1,852	657	1,260	3,769
Conferences, conventions, and meetings	150	-	3,569	3,719
Depreciation	515	464	738	1,717
Insurance	570	513	816	1,899
Other	-	-	3,770	3,770
TOTAL	<u>\$ 456,197</u>	<u>\$ 50,470</u>	<u>\$ 94,190</u>	<u>\$ 600,857</u>

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

UNITED WAY OF OTTER TAIL & WADENA COUNTIES, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	\$ (8,171)	\$ (59,076)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities		
Depreciation	2,483	1,717
Unrealized gain on short-term investments	(5,943)	(5,426)
Net operating changes in		
Pledges and grants receivable	5,370	(16,526)
Prepaid expense	(58)	2,250
Accounts payable	4,441	(596)
Accrued expenses	8,957	(922)
Net Cash Provided (Used) by Operating Activities	<u>7,079</u>	<u>(78,579)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Loss on disposal of assets	(644)	-
Acquisition of short-term investments	(711)	(542)
Acquisition of property and equipment	<u>(12,657)</u>	<u>-</u>
Net Cash Used by Investing Activities	<u>(14,012)</u>	<u>(542)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,933)	(79,121)
BEGINNING CASH AND CASH EQUIVALENTS	<u>243,657</u>	<u>322,778</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 236,724</u></u>	<u><u>\$ 243,657</u></u>

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

UNITED WAY OF OTTER TAIL & WADENA COUNTIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The United Way of Otter Tail & Wadena Counties, Inc. (the Organization) is a Minnesota corporation. The Organization is a not-for-profit corporation whose mission is to improve lives by mobilizing the caring powers in our communities. United Way was formed in 1945 and is governed by a volunteer Board of Directors which is made up of approximately 15-20 members who serve terms ranging from three to six years. United Way of Otter Tail & Wadena Counties is committed to compliance with United Way Worldwide Standards of Excellence.

United Way's primary fundraising efforts are through workplace campaigns and community appeals. United Way provides opportunities for people throughout Otter Tail & Wadena counties to give of their financial resources, volunteer their time, and advocate for causes that are important to the community. All of United Way's community efforts are rooted in the established priorities of education, financial stability, and health.

Campaigns are conducted year-round to support programs primarily in the subsequent fiscal year. Campaign contributions are used primarily to support a variety of health and human service programs and to pay United Way's operating expenses. Not-for-profit organizations may receive funding either through the Community Investment Process (CIP) or via donor designation.

Donations without donor restrictions to United Way are distributed throughout Otter Tail & Wadena Counties through the CIP. United Way's Community Impact agenda includes 3 priority areas in which not-for-profit organizations may submit program funding requests. Unrestricted dollars are divided among these priority areas by United Way's Community Investment Committee and the Board of Directors, based on community needs and input from United Way's donor base. Approximately sixty volunteers participate in community investment panels to evaluate funding applications within each priority area. Information regarding the program's structure, measurable outcomes, plans for improvement, and customer feedback are key components in determining program funding levels. Each panel makes a set of funding recommendations for their assigned priority area to the Community Investment Committee which in turn submits final recommendations for Board approval. Distribution of these funds are made in equal quarterly payments.

Donors may choose to designate their pledges directly to any specific not-for-profit organization. United Way verifies the organization's tax-exempt status prior to disbursement. In addition, these organizations are required to provide a Patriot Act Compliance form annually. A final reporting and transmittal of all cash donations through the end of the fiscal year is done in December.

UNITED WAY OF OTTER TAIL & WADENA COUNTIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following is a summary of significant accounting policies followed in the preparation of these financial statements:

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors or grantors: net assets without donor restrictions and net assets with donor restrictions.

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities, as applicable. Operating activities consist of those items attributable to the Organization's ongoing program services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Use of 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. Actual results could differ from those estimates, and those differences could be material.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash with financial institution believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced, nor does it anticipate, any losses with respect to such accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and organizations supportive of our mission. Investments are monitored by the Organization and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization believes that the investment policies and guidelines are prudent for the long-term.

UNITED WAY OF OTTER TAIL & WADENA COUNTIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Cash Equivalents, and Restricted Cash

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. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Organization determines the allowance for uncollectible contributions receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions receivable are written off when deemed uncollectible. At December 31, 2019 and 2018, an evaluation of the aging and collectability of receivables indicated that no allowance was necessary.

Short-term Investments

Fergus Falls Area Community Fund (Agent), a nonprofit organization, holds funds on behalf of the Organization. The Agent manages the funds along with other agency funds. The Agent has established a fund in the Organization's name and has specified the Organization as the beneficiary of that fund. All activity in the fund is included in the Organization's financial statements. Funds held by the Agent were \$55,358 and \$47,416 as of December 31, 2019 and 2018, respectively.

UNITED WAY OF OTTER TAIL & WADENA COUNTIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation and amortization are computed using the straight-line method over the lesser of the estimated useful lives of the assets ranging from three to seven years, or in the case of capitalized leased assets or leasehold improvement, the lesser of the useful life of the asset or the lease term. The Organization's policy is to capitalize renewals and betterments acquired for greater than \$1,000 and expense normal repairs and maintenance as incurred. 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 statements of activities. The Organization's management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recoverable from the estimated future cash flows expected to result from their use and eventual disposition.

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 an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor 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 by the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

UNITED WAY OF OTTER TAIL & WADENA COUNTIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities, or other assets, an unconditional promise to give, or 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 substantially met. Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions. Federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received on the date of contribution. No significant contributions of such goods or services were received during the years ended December 31, 2019 and 2018, respectively.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, fees for services, advertising and promotion, office expenses, occupancy, travel and transportation, depreciation, repairs and maintenance, and insurance, which are allocated on the basis of estimates of time and effort.

Advertising

The Organization expenses advertising costs as they are incurred. Total advertising costs for the years ended December 31, 2019 and 2018 were \$11,016 and \$13,001, respectively.

UNITED WAY OF OTTER TAIL & WADENA COUNTIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and similar state provisions, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Subsequent Events Consideration

Management has evaluated subsequent events through May 15, 2020, the date on which the financial statements were available to be issued. Except as disclosed in Note 9, management has determined that there were no other material events that would require recognition or disclosure in the Organization's financial statements through this date.

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.

Change in Accounting Principles

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2014-09 *Revenue from Contracts with Customers (Topic 606)*. The ASU, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Organization has implemented Topic 606 and has adjusted the presentation in the financial statements accordingly. The amendments have been applied retrospectively to all periods presented, with no effect on net assets.

UNITED WAY OF OTTER TAIL & WADENA COUNTIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Change in Accounting Principles (Continued)

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which enhanced the reporting model for financial instruments by providing financial statement users with more decision-useful information. For nonprofit organizations, the guidance in ASU 2016-01 primarily affects the accounting for investments in equity securities and certain presentation and disclosure requirements. In addition, in February 2018, the FASB issued ASU 2018-03, *Technical Corrections and Improvements to Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, to clarify certain guidance issued in ASU 2016-01. As permitted, the Organization previously implemented the disclosure provisions of ASU 2016-01 upon issuance of the ASU. ASU 2016-01 is effective for fiscal years beginning after December 15, 2018; therefore the Organization implemented the remaining provisions effective January 1, 2019, the first day of the Organization’s year, with no effect on net assets

In November 2016, FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. This standard requires that amounts generally described as restricted cash or restricted cash equivalents be included in the total cash and cash equivalents at the beginning and the end of the period for which changes are shown in the statement of cash flows. It also requires that the face of the statement of cash flows or the notes to the financial statements present a reconciliation when cash and cash equivalents (restricted or unrestricted) are shown in more than one line on the statement of financial position. The Organization implemented the provisions of ASU 2016-18 using a retrospective transition method to all periods presented, with no effect on net assets.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

UNITED WAY OF OTTER TAIL & WADENA COUNTIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 2 – AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position consists of the following at December 31:

	<u>2019</u>	<u>2018</u>
Financial assets at year end		
Cash and cash equivalents	\$ 236,724	\$ 243,657
Short-term investments	55,358	47,416
Pledges and grants receivable	<u>137,302</u>	<u>142,672</u>
 Total financial assets	 429,384	 433,745
 Contractual or donor-imposed restrictions:		
Donor restrictions for contributions to agencies	(328,407)	(320,750)
Other restrictions	-	(10,000)
Add back amounts appropriated for following year	328,407	330,750
 Board designations		
Operating reserves	<u>(63,750)</u>	<u>(63,750)</u>
 FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES OVER THE NEXT TWELVE MONTHS	 <u>\$ 365,634</u>	 <u>\$ 369,995</u>

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations become due. As part of its liquidity plan, excess cash is invested in short-term investments.

UNITED WAY OF OTTER TAIL & WADENA COUNTIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 4 – NET ASSETS

Net assets with donor restrictions were as follows for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Specific purpose		
Campaign	\$ 328,407	\$ 320,750
Grants and other donations	-	10,000
TOTAL	<u>\$ 328,407</u>	<u>\$ 330,750</u>

Net assets without donor restrictions for the years ended December 31 are as follows:

	<u>2019</u>	<u>2018</u>
Undesignated	\$ 23,947	\$ 29,775
Board designated	63,750	63,750
TOTAL	<u>\$ 87,697</u>	<u>\$ 93,525</u>

NOTE 5 – PROPERTY AND EQUIPMENT

Cost of property and equipment as of December 31 consists of the following:

	<u>2019</u>	<u>2018</u>
Equipment	\$ 50,679	\$ 40,829
Accumulated depreciation	(38,803)	(38,483)
TOTAL, NET	<u>\$ 11,876</u>	<u>\$ 2,346</u>

Depreciation expense was \$2,483 and \$1,717 for the years ended December 31, 2019 and 2018, respectively.

UNITED WAY OF OTTER TAIL & WADENA COUNTIES, INC.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 6 – OPERATING LEASES

The Organization leases its office facility requiring rent of \$550 per month. The lease term is month-to-month and may be canceled by either party by giving a 90-day written notice. The Organization will also pay \$190 per month in addition to rent to cover heating, air conditioning, electricity, sewer, and water. The Organization also leases a copier, telephone equipment, and other small equipment. Rent and lease expense for the years ended December 31, 2019 and 2018 was \$12,571 and \$12,864, respectively.

The Organization leases office space in Perham, Minnesota. The lessee shall have the option of renewing the lease for a period of one year under the same terms and conditions unless lessor needs the demised premises for other purposes. No rent is paid. The estimated rental is \$1,425 and is included in in-kind donations revenue and rent and lease expense in the statement of activities.

NOTE 7 – EMPLOYEE BENEFIT PLAN

The Organization has a defined contribution salary deferral plan covering substantially all employees. Plan expenses incurred by the Organization for the years ended December 31, 2019 and 2018 were \$11,723 and \$15,160 respectively.

NOTE 8 – OTHER TRANSACTIONS

The Organization recorded dues expense as of December 31 as follows:

	2019	2018
UNITED WAY WORLD WIDE	\$ 4,473	\$ 4,979

NOTE 9 – SUBSEQUENT EVENT – COVID-19

The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Organization's customers, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Organization's financial condition or results of operations is uncertain.

SUPPLEMENTARY INFORMATION

UNITED WAY OF OTTER TAIL & WADENA COUNTIES, INC.
SCHEDULE OF CONTRIBUTIONS TO AGENCIES
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Contributions to Agencies		
American Red Cross		
Red Cross Disaster	\$ 3,941	\$ 3,535
Battle Lake Community Recreation	900	1,250
Northern Lights Boy Scout Council	900	1,500
Catholic Charities - Foster Grandparents	990	1,550
Children's Service Association	5,575	4,675
Dakota Horizons Girl Scouts	1,530	1,600
Father's Resource Program	900	2,550
Meals by Wheels of Fergus Falls	1,250	950
New York Mills Senior Center	-	700
North Country Food Bank	15,300	14,350
Pelican Rapids Senior Center	900	1,050
Pelican Rapids Oaks	990	1,300
A Place to Belong	1,530	2,250
Salvation Army	9,000	10,000
Salvation Army Lunch in the Son Program	4,050	3,653
Salvation Army After School Program	2,565	2,625
Someplace Safe		
Community Outreach / Intervention	11,250	13,350
Safe Exchange	2,610	5,600
Trafficked	2,700	2,050
Sexual Assault	5,130	5,300
YMCA Summer Learning Loss Prev. Program	5,310	6,250
Battle Lake ECFE	2,520	3,450
LB Homes- Camp Emily	1,710	1,300
Perham Kinship	7,650	8,200
ECFE Childcare Visitor Program	7,380	9,100
Fergus Falls Basic Education	5,310	7,100
Bright Start Child Care Home	3,600	2,000
Boys & Girls Club of Perham	6,300	8,050
Feeding Backpack Programs		
Fergus Falls	37,110	33,057
Stuff the Bus	-	540

UNITED WAY OF OTTER TAIL & WADENA COUNTIES, INC.
SCHEDULE OF CONTRIBUTIONS TO AGENCIES
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Otter Tail County Early Childhood Initiative		
Project expense	\$ 19,533	\$ 15,435
Coordinator expense	-	6,000
Caring Connections Family Advocate	41,600	30,800
Caring Connections Oral Health	500	196
LSS Care Giver	3,900	4,300
Alzheimer's Association	990	1,550
Perham Area Special Olympics	-	750
Friends of Friends Allocations	34,535	43,716
Women's Leadership Council expense	6,607	18,277
Frazee Neighbor to Neighbor	1,980	2,100
Mahube-OTWA Family Development Housing	2,565	2,825
Safe Communities Coalition expense	3,379	1,242
Imagination Library	12,656	9,281
Donor designated funds	32,686	23,141
PARTNERS	990	550
Legal Services of Northwest MN	8,100	4,500
Empowering Kids Perham	2,700	1,500
Alzheimer's Association Wadena	630	350
Foster Grandparents Wadena	540	300
Girl Scouts Wadena	990	550
Kinship Wadena	1,350	750
LSS Nutrition Services Wadena	1,260	700
Mahube-OTWA RSVP Wadena	360	200
North Country Food Bank Wadena	6,210	3,450
Someplace Safe Crime Victim Wadena	1,665	925
Someplace Safe Trafficking Wadena	630	350
Wadena County DAC	810	450
Other program expenses	9,255	7,075
TOTAL	<u>\$ 345,322</u>	<u>\$ 340,148</u>