



Financial Statements  
December 31, 2021 and 2020

**Greater Mankato Area United Way, Inc.**

Greater Mankato Area United Way, Inc.

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December 31, 2021 and 2020

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# Greater Mankato Area United Way, Inc.

Board of Directors

December 31, 2021

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Kevin Velasquez	Chair of the Board
Tyson Twait	Vice Chair of Board
Chris Austin	Finance Chair
Jessica Blais	Past Campaign Chair
Alissa Brekke	Community Impact Chair
Matthew Atwood	Director
Keith Bauer	Director
Eric Boelter	Director
Brad Boettcher	Director
Scott Bradley	Director
Laura Elvebak	Director
Victoria Hanson	Director
Brett Hart	Director
Tonya Hobbie	Director
Eric Hudspith	Director
Steve Jameson	Director
Mike Kunkel	Director
Matt Norland	Director
Justin Neumann	Director
Tami Paulsen	Director
Paul Peterson	Director
Brandon Scheel	Director
Todd Stromswold	Director
Shane Van Engen	Director
Ryan Walker	Director
Steve Weisbecker	Director
Barb Kaus	CEO



## Independent Auditor's Report

The Board of Directors  
Greater Mankato Area United Way, Inc.  
Mankato, Minnesota

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Greater Mankato Area United Way, Inc., which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 Greater Mankato Area United Way, Inc. as of December 31, 2021 and 2020, 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.

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Greater Mankato Area United Way, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 these 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 Greater Mankato Area United Way, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities of 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 auditor's 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 Greater Mankato Area United Way, 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 Greater Mankato Area United Way, 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.

*Eide Bailly LLP*

Mankato, Minnesota  
May 25, 2022

Greater Mankato Area United Way, Inc.  
Statements of Financial Position  
December 31, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,610,543	\$ 1,309,489
Promises to give, net	1,279,465	1,281,427
Employee Retention Credit receivable	169,470	-
Other receivables	22,230	57,900
Grants receivable	15,000	-
Prepaid expenses	17,168	27,254
Restricted cash - fiscal agency	14,504	11,842
Total current assets	3,128,380	2,687,912
Furniture and Equipment	43,987	42,463
Less accumulated depreciation	(37,748)	(33,890)
Furniture and equipment, net	6,239	8,573
Other Assets		
Beneficial interest in assets held by community foundation	60,545	33,899
Noncurrent grants receivable	15,000	-
Total other assets	75,545	33,899
Total noncurrent assets	81,784	42,472
Total assets	\$ 3,210,164	\$ 2,730,384
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 8,518	\$ 1,464
Accrued payroll	17,393	19,063
Refundable advance	5,867	5,561
Fiscal agency payable	14,504	11,842
Designations payable	6,718	8,604
Total liabilities	53,000	46,534
Net Assets		
Without donor restrictions		
Undesignated - available for general activities	517,560	277,718
Board designated	726,679	648,850
Total without donor restrictions	1,244,239	926,568
With donor restrictions		
Purpose restrictions	90,545	34,266
Time restrictions	1,822,380	1,723,016
Total with donor restrictions	1,912,925	1,757,282
Total net assets	3,157,164	2,683,850
Total liabilities and net assets	\$ 3,210,164	\$ 2,730,384

Greater Mankato Area United Way, Inc.

Statements of Activities

Year Ended December 31, 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenues			
Annual campaign	\$ 451,404	\$ 1,910,539	\$ 2,361,943
Less:			
Uncollectible promises to give	11,468	(90,000)	(78,532)
Contributions by donors to specific agencies	(5,094)	(6,158)	(11,252)
Net annual campaign revenue	457,778	1,814,381	2,272,159
Campaign contributions released from restriction for current campaign	1,715,017	(1,715,017)	-
Change in value of beneficial interest in assets held by community foundation	-	27,197	27,197
Net assets released from restriction	918	(918)	-
In-kind contributions	775,390	-	775,390
Community impact	183,139	-	183,139
Grants	104,000	30,000	134,000
Other revenue	172	-	172
Employee Retention Credit	170,892	-	170,892
Paycheck protection program forgiveness	-	-	-
Gross sponsorship and special events revenue	407,758	-	407,758
Interest income	9,147	-	9,147
Service fees	296	-	296
Total public support and revenues	<u>3,824,507</u>	<u>155,643</u>	<u>3,980,150</u>
Expenses			
Program services			
Gross agency allocations	1,572,007	-	1,572,007
Other	152	-	152
Community and agency services provided by United Way	1,572,159	-	1,572,159
Cost of direct benefits to donors	47,989	-	47,989
Management and general	231,738	-	231,738
Fundraising	734,013	-	734,013
United Way Worldwide dues	39,268	-	39,268
Total expenses	<u>3,506,836</u>	<u>-</u>	<u>3,506,836</u>
Change in Net Assets	317,671	155,643	473,314
Net Assets, Beginning of Year	<u>926,568</u>	<u>1,757,282</u>	<u>2,683,850</u>
Net Assets, End of Year	<u>\$ 1,244,239</u>	<u>\$ 1,912,925</u>	<u>\$ 3,157,164</u>

Greater Mankato Area United Way, Inc.

Statements of Activities

Year Ended December 31, 2020

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenues			
Annual campaign	\$ 157,118	\$ 1,801,606	\$ 1,958,724
Less:			
Uncollectible promises to give	(13,215)	(90,000)	(103,215)
Contributions by donors to specific agencies	(1,158)	(8,589)	(9,747)
Net annual campaign revenue	142,745	1,703,017	1,845,762
Campaign contributions released from restriction for current campaign	1,945,639	(1,945,639)	-
Change in value of beneficial interest in assets held by community foundation	-	4,534	4,534
Net assets released from restriction	-	-	-
In-kind contributions	666,858	-	666,858
Community impact	231,513	-	231,513
Grants	94,043	-	94,043
Other revenue	1,605	-	1,605
Employee Retention Credit	-	-	-
Paycheck protection program forgiveness	86,000	-	86,000
Gross sponsorship and special events revenue	273,441	-	273,441
Interest income	5,874	-	5,874
Service fees	1,340	-	1,340
Total public support and revenues	3,449,058	(238,088)	3,210,970
Expenses			
Program services			
Gross agency allocations	1,456,112	-	1,456,112
Other	210	-	210
Community and agency services provided by United Way	1,456,322	-	1,456,322
Cost of direct benefits to donors	19,947	-	19,947
Management and general	209,862	-	209,862
Fundraising	601,493	-	601,493
United Way Worldwide dues	30,705	-	30,705
Total expenses	3,237,583	-	3,237,583
Change in Net Assets	211,475	(238,088)	(26,613)
Net Assets, Beginning of Year	715,093	1,995,370	2,710,463
Net Assets, End of Year	\$ 926,568	\$ 1,757,282	\$ 2,683,850

See Notes to Financial Statements

Greater Mankato Area United Way, Inc.

Statements of Functional Expenses

Year Ended December 31, 2021

	Program Services			Support Services		Direct Benefits to Donors	Total
	Basic Needs	Health	Education	Management and General	Fundraising		
Salaries	\$ 49,271	\$ 58,070	\$ 68,628	\$ 127,577	\$ 136,376	\$ -	\$ 439,922
Payroll taxes	3,814	4,495	5,313	9,876	10,557	-	34,055
Employee benefits	13,224	15,586	18,420	34,242	36,603	-	118,075
Total employee expenses	66,309	78,151	92,361	171,695	183,536	-	592,052
In-kind contributions	84,047	99,056	117,066	1,585	473,636	-	775,390
Occupancy	4,355	5,133	6,066	11,277	12,055	-	38,886
Office supplies	452	533	630	1,171	1,252	-	4,038
Postage	267	314	372	691	1,021	-	2,665
Equipment purchases	70	82	97	180	193	-	622
Convention and meetings	129	152	179	333	356	-	1,149
Telephone	1,087	1,281	1,514	2,815	3,009	-	9,706
Memberships and dues	533	628	742	1,380	1,475	-	4,758
Transportation	216	255	301	560	599	-	1,931
Bank fees	-	-	-	-	902	-	902
Subscriptions	36	42	50	92	99	-	319
Community impact	86,585	101,036	119,406	-	-	-	307,027
Liability and property insurance	898	1,059	1,251	2,326	2,487	-	8,021
Professional fees	-	-	-	34,425	-	-	34,425
Miscellaneous	1,299	1,531	1,810	1,153	4,248	-	10,041
Video	732	863	1,020	806	8,990	-	12,411
Campaign supplies	-	-	-	-	34,331	-	34,331
Campaign awards	36	43	51	130	4,078	-	4,338
Planned Gift Fund fees	-	-	-	-	550	-	550
Cost of direct benefits to donors	-	-	-	-	-	47,989	47,989
Total non-employee expenses	180,742	212,008	250,555	58,924	549,281	47,989	1,299,499
Depreciation	432	509	602	1,119	1,196	-	3,858
Total operations	247,483	290,668	343,518	231,738	734,013	47,989	1,895,409
Allocations to agencies	440,162	518,762	613,083	-	-	-	1,572,007
Other	43	50	59	-	-	-	152
United Way Worldwide dues	4,398	5,183	6,126	11,388	12,173	-	39,268
Total expenses	\$ 692,086	\$ 814,663	\$ 962,786	\$ 243,126	\$ 746,186	\$ 47,989	\$ 3,506,836

Greater Mankato Area United Way, Inc.

Statements of Functional Expenses

Year Ended December 31, 2020

	Program Services			Support Services		Direct Benefits to Donors	Total
	Basic Needs	Health	Education	Management and General	Fundraising		
Salaries	\$ 47,187	\$ 55,925	\$ 71,654	\$ 122,337	\$ 139,814	\$ -	\$ 436,917
Payroll taxes	3,668	4,347	5,570	9,510	10,869	-	33,964
Employee benefits	11,434	13,552	17,363	29,645	33,880	-	105,874
Total employee expenses	62,289	73,824	94,587	161,492	184,563	-	576,755
In-kind contributions	82,824	98,161	125,769	6,669	353,435	-	666,858
Occupancy	4,335	5,138	6,584	11,240	12,846	-	40,143
Office supplies	450	533	683	1,166	1,333	-	4,165
Postage	257	304	390	665	1,559	-	3,175
Equipment repairs	224	265	340	580	663	-	2,072
Convention and meetings	131	156	199	340	389	-	1,215
Telephone	1,689	2,002	2,564	4,378	5,004	-	15,637
Memberships and dues	561	665	852	1,455	1,662	-	5,195
Transportation	117	139	178	304	348	-	1,086
Bank fees	-	-	-	-	930	-	930
Subscriptions	34	41	52	89	102	-	318
Community impact	92,294	109,385	140,150	-	-	-	341,829
Liability and property insurance	718	851	1,090	1,862	2,128	-	6,649
Professional fees	-	-	-	16,775	-	-	16,775
Miscellaneous	1,210	1,434	1,839	1,036	3,538	-	9,057
Video	373	442	567	-	10,847	-	12,229
Campaign supplies	-	-	-	-	18,444	-	18,444
Campaign awards	15	17	22	54	1,695	-	1,803
Planned Gift Fund fees	-	-	-	-	-	-	-
Cost of direct benefits to donors	-	-	-	-	-	19,947	19,947
Total non-employee expenses	185,232	219,533	281,279	46,613	414,923	19,947	1,167,527
Depreciation	678	803	1,029	1,757	2,007	-	6,274
Total operations	248,199	294,160	376,895	209,862	601,493	19,947	1,750,556
Allocations to agencies	393,150	465,956	597,006	-	-	-	1,456,112
Other	56	67	87	-	-	-	210
United Way Worldwide dues	3,316	3,930	5,036	8,597	9,826	-	30,705
Total expenses	\$ 644,721	\$ 764,113	\$ 979,024	\$ 218,459	\$ 611,319	\$ 19,947	\$ 3,237,583

Greater Mankato Area United Way, Inc.

Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 473,314	\$ (26,613)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	3,858	6,274
Uncollectible promises to give	90,000	90,000
Change in value of beneficial interest in assets held by community foundation	(26,646)	(4,168)
Changes in operating assets and liabilities		
Promises to give	(88,038)	170,922
Employee Retention Credit receivable	(169,470)	-
Other receivables	35,670	(18,850)
Grants receivable	(30,000)	-
Prepaid expenses	10,086	(10,132)
Accounts payable	7,054	(31,143)
Accrued payroll	(1,670)	4,746
Refundable advance	306	(4,761)
Fiscal agency payable	2,662	-
Designations payable	(1,886)	(3,204)
Net Cash from Operating Activities	<u>305,240</u>	<u>173,071</u>
Cash Flows used for Investing Activities		
Purchase of furniture and equipment	<u>(1,524)</u>	<u>(509)</u>
Net Cash used for Investing Activities	<u>(1,524)</u>	<u>(509)</u>
Net Change in Cash, Cash Equivalents, and Restricted Cash - Fiscal Agency	303,716	172,562
Cash, Cash Equivalents, and Restricted Cash - Fiscal Agency, Beginning of Year	<u>1,321,331</u>	<u>1,148,769</u>
Cash, Cash Equivalents, and Restricted Cash - Fiscal Agency, End of Year	<u>\$ 1,625,047</u>	<u>\$ 1,321,331</u>
Cash and cash equivalents	\$ 1,610,543	\$ 1,309,489
Restricted cash - fiscal agency	<u>14,504</u>	<u>11,842</u>
Total cash, cash equivalents, and restricted cash - fiscal agency	<u>\$ 1,625,047</u>	<u>\$ 1,321,331</u>

**Note 1 - Organization and Summary of Significant Accounting Policies****Nature of Operations**

The Greater Mankato Area United Way, Inc. (United Way or Organization) is a nonprofit organization incorporated in Mankato, Minnesota. United Way's mission is to unite the community to secure and invest resources to improve people's lives. United Way is a local, independent nonprofit organization and the largest private-sector funder of health and human services in the Greater Mankato Area. Annual campaign funds are distributed to the United Way community impact program and to those agencies that will best provide for the community's needs.

The United Way is governed by not more than 26 members elected as the Board of Directors. Directors are elected from the Mankato area as members-at-large for a three-year term and can serve no more than two consecutive terms.

**Community Impact**

Greater Mankato Area United Way's core commitments are to secure resources, convene the community, and connect people and organizations to resources. Through these actions, United Way aims to ensure the well-being, stability, and self-sufficiency of individuals of all ages and to build a better tomorrow for all in our region. The importance of United Way's work is underscored by the increased community needs resulting from the Covid-19 pandemic.

United Way *secures resources* to help fund programs that support basic needs, health, and education, which are the pillars that keep our region strong and balanced. For example, early education prepares children for life in the classroom and beyond, emergency services help families in crisis, and quality healthcare and wellness programs keep individuals healthy and thriving through all stages of life.

United Way secures these resources by soliciting individuals and businesses throughout the region during the annual campaign. In 2021, more than 4,900 individuals donated through workplace campaigns or other personal giving, while more than 200 companies pledged a corporate gift. Additionally, more than 1,000 volunteers donated over 10,000 hours of volunteer service, enabling United Way to keep overhead low while maximizing impact. In-kind donations, whose value totaled over \$775,000 in 2021, are also essential to ensuring United Way's activities have the maximum impact.

By receiving a total of \$2,264,454 in donation pledges (recorded in statement of activities as of December 31, 2021, 2020, and 2019 of \$450,848, \$1,793,606, and \$20,000 respectively), United Way provided funding to 58 programs across 38 nonprofit agencies in 2021. Nine of these programs received additional "one-time funding" in February 2021; 12 of these programs received additional "one-time funding" in June 2021; and three of these programs received new, "one-time funding" in June 2021, which was the only funding they received for the year.

In addition to securing resources to fund programs, United Way *convenes the community* to identify needs, bring awareness to topics, and facilitate action around community issues. In 2021, Greater Mankato Area United Way brought together community members, organizations, and leaders of all levels for discussion, awareness, and action. Key topics included mental health, which was featured at the Women with Heart Luncheon as well as the Fire & Ice Ball, with a spotlight on the growing mental health needs of area youth. Early childhood development was the focus of United Way's Success by Six forums as well as the organization's outdoor Born Learning Trail installations in Lake Crystal and Waseca. Literacy continued through United Way's Books for Kids program, which provides free books to children ages 0 through 4, and the Fourth-Grade Book Project, which provides a free book to fourth-grade students.

Greater Mankato Area United Way also *connects people and organizations to resources* through tools such as Get Connected, an online volunteer platform utilized by regional organizations and volunteers, as well as 2-1-1, a community helpline that connects callers to area resources. Calls to 2-1-1 have increased significantly in recent years, and United Way continued to promote the service to community members and service providers. United Way continues to facilitate action through corporate- and community-led initiatives, such as coat drives, home supply donations, and school supply drives. United Way serves as the fiscal agent for Project Community Connect, an annual free resource expo for community members in need of services from housing and food to health and wellness. Since 1931, Greater Mankato Area United Way has served as the trusted connector for organizations, volunteers, businesses, community members, donors, local leaders, media, and others as the region works together to improve the lives of all ages.

#### **Cash, Cash Equivalents, and Restricted Cash**

United Way considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash restricted to fiscal agency is excluded from this definition.

#### **Beneficial Interest in Assets Held by Community Foundation**

United Way has established donor-advised funds for the Mankato Area Foundation. United Way has granted variance power to the Mankato Area Foundation which allows the foundation to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the Mankato Area Foundation's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The fund is held and invested by the community foundation for the benefit of United Way and is reported at fair value in the statements of financial position, with changes in fair value recognized in the statements of activities.

**Promises to Give and Grants Receivable**

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. All promises to give and grants are expected to be received within one year; therefore, discounting is not considered necessary. Allowance for uncollectible promises to give is determined based on an average of uncollectible promises and grants, management's analysis of specific promises made, and the current and expected economic situation of the Greater Mankato Area. Promises to give are written off when deemed uncollectible. The allowance was \$90,000 for years ended December 31, 2021 and 2020.

**Furniture and Equipment**

Furniture and equipment are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any remaining gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of furniture and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2021 and 2020.

**Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor (or certain 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, future technology updates, and future campaign years' campaigns.

*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, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. The Organization did not have any net assets with donor-imposed restrictions that are perpetual in nature for the years ended December 31, 2021 and 2020.

### **Annual Campaign Revenue and Expenses**

The United Way annual campaign drive begins in the fall of each year and is substantially complete by April of the following year. The donor-designated cash and contributions represent funds raised for other organizations. The undesignated contributions received by December 31 are for program funding, allocations, and services provided in the following year. These contributions have a donor-imposed time restriction and are reported as net assets with donor restrictions until the following year.

The funds are used for the following:

- Program funding to agencies
- Designations to agencies
- Designations to other United Ways
- Payments to United Way Worldwide
- Services provided directly by the United Way
- Fundraising, management, and general expenses

Campaign expenses are recorded when incurred.

### **Revenue and Revenue Recognition**

Annual campaigns are conducted in the fall of the year to raise support for allocation to participating agencies in the subsequent calendar year. The Organization recognizes contributions when cash, securities or other assets, or an unconditional promise to give 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. There were no contributions as of December 31, 2021 and 2020 that have not been recognized in the accompanying statements of activities because the conditions on which they depend has not yet been met. The Organization records sponsorship and special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. Refundable advances consists of payments received from individuals and corporations for participation in 2022 programs and sponsorships, as well as, for conditional contributions that have a barrier and right of return attribute.

### **Contributions Designated to Other Organizations**

Donors contributing to the United Way campaigns may choose to designate all or part of their contributions to a specific agency. These transactions are reported in the statement of activities as part of the United Way annual campaign revenue and are then deducted to arrive at net campaign revenue. Amounts deducted are carried as liabilities, net of estimated allowance for uncollectible amounts, until paid to the designated agencies.

Designations made to partner agencies will be included as part of their annual allocation that is approved by the Board, unless designations exceed the Board approved allocation.

**Donated Services and In-Kind Contributions**

Volunteers contribute significant amounts of time to United Way'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. United Way records donated professional services at the respective fair values of the services received.

**Advertising Costs**

Advertising costs are expensed as incurred, and was \$302,504 and \$234,104 during the years ended December 31, 2021 and 2020, respectively.

**Functional Allocation of 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 attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include those classified as facilities expenses (depreciation and occupancy), which are allocated on a square footage basis, as well as salaries, payroll taxes, employee benefits, in-kind contributions, office supplies, postage, convention and meetings, telephone, memberships and dues, transportation, subscriptions, liability and property insurance, miscellaneous, video, equipment purchases, community impact, and campaign awards which are allocated on the basis of estimates of time and effort or actual expenses.

**Income Taxes**

The United Way has been determined to be exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the Internal Revenue Service (IRS). In addition, the Organization is subject to income tax on net income that is derived from business activities that is unrelated to its exempt purpose. The Organization has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

### **Financial Instruments and Credit Risk**

Greater Mankato Area United Way, Inc. manages deposit concentration risk by placing cash with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured amounts. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management 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.

### **Reclassifications**

Certain reclassification 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**

The Organization has evaluated subsequent events through May 25, 2022, the date which the financial statements were available to be issued.

### **Note 2 - Information Regarding Liquidity and Availability**

The Greater Mankato Area United Way strives to be financially solvent so that in the event of an extreme emergency, as a result of an economic downturn, or due to the loss of a major donor base, United Way is able to continue to provide financial support for programs and services in the community. At the same time, United Way's intent is to annually distribute the highest percentage of dollars raised directly back into the community. With these two goals in mind, United Way will build and maintain a cash reserve, striving to reach a 60-Day Designated Reserve in 10 years. The reserve funds shall not be tapped into unless the Board of Directors believes it is in the best interest of United Way and the community to allocate these funds for an emergency or unforeseen situation.

The following table reflects Greater Mankato Area United Way's financial assets as of December 31, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. Amounts not available include board-designated special projects fund that is intended to fund special board initiatives not considered in the annual operating budget. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

	2021	2020
Cash and cash equivalents	\$ 1,610,543	\$ 1,309,489
Promises to give, net	1,279,465	1,281,427
Employee Retention Credit receivable	169,470	-
Other receivables	22,230	57,900
	<u>3,081,708</u>	<u>2,648,816</u>
Less Board-designated reserve fund	<u>(726,679)</u>	<u>(648,850)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,355,029</u>	<u>\$ 1,999,966</u>

### Note 3 - Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's assessment of the quality, risk, or liquidity profile of the asset or liability.

The fair value of beneficial interest in assets held by the community foundation is based on the fair value of fund investments as reported by the community foundation. These are considered to be Level 3 measurements.

The following table presents assets measured at fair value on a recurring basis at December 31, 2021:

	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Beneficial interests in Assets held by community foundation	\$ 60,545	\$ -	\$ -	\$ 60,545

The following table presents assets measured at fair value on a recurring basis at December 31, 2020:

	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interests in Assets held by community foundation	\$ 33,899	\$ -	\$ -	\$ 33,899

The following are transfers into and out of Level 3 of the fair value hierarchy and purchases and issues of Level 3 assets and liabilities:

	2021	2020
Transfers into Level 3	\$ -	\$ -
Transfers out of Level 3	-	-
Purchases	22,000	-
Issuances	-	-

**Note 4 - Promises to Give**

At December 31, 2021 and 2020, unconditional promises to give were scheduled to be received as follows:

	<u>2021</u>	<u>2020</u>
Prior campaign	\$ 1,829	\$ 162,691
Current campaign	153,206	1,200,736
Future campaign	<u>1,214,430</u>	<u>8,000</u>
	1,369,465	1,371,427
Less allowance for uncollectible promises	<u>(90,000)</u>	<u>(90,000)</u>
	<u>\$ 1,279,465</u>	<u>\$ 1,281,427</u>

**Note 5 - In-Kind Contributions**

The United Way has received the following in-kind contributions for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Books for Kids Program	\$ 287,584	\$ 309,774
Media/Advertising	302,504	234,104
Event/Fundraising	181,641	115,390
Other	<u>3,661</u>	<u>7,590</u>
	<u>\$ 775,390</u>	<u>\$ 666,858</u>

**Note 6 - Restricted Net Assets***Board Designated*

The Board of Directors has a policy to designate net assets for future technology updates. The amounts designated under this policy were \$-0- and \$2,880 for December 31, 2021 and 2020, respectively.

The Board of Directors has a policy to designate net assets for operating reserve, agency contingencies, and program development in an amount determined by the Board at the end of each campaign's collection period. The amount designated under this policy was \$375,524 and \$346,009 at December 31, 2021 and 2020, respectively.

The Board of Directors has a policy to designate net assets to be used in future years' campaigns in an amount determined by the Board at the end of each campaign's collection period. The amount designated under this policy at December 31, 2021 and 2020, consist of:

	<u>2021</u>	<u>2020</u>
Designated for campaign reserve for future agency allocations	\$ 61,500	\$ 61,500
Designated from 2021 campaign for future agency allocations	-	238,461
Designated from 2022 campaign for future agency allocations	<u>289,655</u>	<u>-</u>
	<u>\$ 351,155</u>	<u>\$ 299,961</u>

Board designated net assets that were released from designation during the years ended December 31, 2021 and 2020, were \$241,341 and \$215,674, respectively.

*With Donor Restrictions*

Net assets with donor restrictions at December 31, 2021 and 2020, consist of:

	<u>2021</u>	<u>2020</u>
Purpose restrictions:		
Andreas Foundation grant for Connecting Kids	\$ 30,000	\$ -
Planned gift fund	60,545	34,266
Time restrictions	<u>1,822,380</u>	<u>1,723,016</u>
	<u>\$ 1,912,925</u>	<u>\$ 1,757,282</u>

Net assets were released from restrictions as follows during the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Time restrictions	<u>\$ 1,715,935</u>	<u>\$ 1,945,639</u>

**Note 7 - Paycheck Protection Program (PPP) Loan**

The Organization was granted a \$86,000 loan under the PPP administered by a Small Business Administration (SBA) approved partner. The loan was uncollateralized and was fully guaranteed by the Federal government. The Organization initially recorded a note payable and subsequently recorded forgiveness when the loan obligation was legally released by the SBA. The Organization recognized \$86,000 as grant revenue during the year ended December 31, 2020.

**Note 8 - Employee Retention Credit (ERC)**

The Coronavirus Aid, Relief, and Economic Security Act provided an employee retention credit (the credit) which is a refundable tax credit against certain employment taxes up to \$7,000 per employee for eligible employers. The credit is equal to 70% of qualified wages through June 30, 2021. During the year ended December 31, 2021, the Company recorded a \$170,892 benefit related to the credit which is presented in the statement of activities as Employee Retention Credit. \$169,470 of this amount was recorded as a receivable at December 31, 2021.

The Organization has elected to account for the credits received as a loss recovery by applying FASB ASC 410, *Asset Retirement and Environmental Obligations*. Under this method, the Organization recorded income related to the credits when it determined receipt of them was probable.

The Organization's credit filings remain open for potential examination by the Internal Revenue Service through the statute of limitations, which has varying expiration dates extending through 2025. Any disallowed claims resulting from such examinations could be subject to repayment to the federal government.

**Note 9 - Lease Agreements**

The Organization entered into a lease agreement, for office facilities effective January 1, 2016 through June 30, 2023, as amended. This is a shared space where all tenants pay their portion of the operating costs of the office facilities. Under the lease agreement, as amended, the Organization is required to pay 33.62% of the total operating costs of the building.

The Organization entered into a lease agreement, for a copier effective January 4, 2018, through December 4, 2022. Under the lease agreement, the Organization will pay yearly rent of \$2,471 each year through December 2022.

Rent expense for the year ended December 31, 2021 and December 31, 2020 totaled \$38,886 and \$40,143, respectively.

**Note 10 - Pension Plan**

The United Way has a Simplified Employee Pension Plan covering employees who are at least 21 years of age with an eligibility date that begins the first day of the month following the date of employment. The United Way contributes an amount equal to 15 percent of the employee's base salary with a maximum annual contribution of \$30,000 for each employee. Pension expenses totaled \$66,124 and \$66,537 for the years ended December 31, 2021 and 2020, respectively.



Supplementary Information  
December 31, 2021 and 2020

**Greater Mankato Area United Way, Inc.**



### Independent Auditor's Report on Supplementary Information

The Board of Directors  
Greater Mankato Area United Way, Inc.  
Mankato, Minnesota

We have audited the financial statements of Greater Mankato Area United Way, Inc. as of and for the years ended December 31, 2021 and 2020, and our report thereon dated May 25, 2022, which expressed an unmodified opinion on those financial statements appears on page 1 and 2. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The following supplementary information is presented for the purpose 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 our audits 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.

*Eide Bailly LLP*

Mankato, Minnesota  
May 25, 2022

Greater Mankato Area United Way, Inc.

Schedules of Allotments to Agencies

Years Ended December 31, 2021 and 2020

	2021	2020
Achieving Dreams for Disabilities	\$ 3,000	\$ 70
American Red Cross	65,000	65,000
The Arc Minnesota Southwest	10,850	7,400
Bethlehem Inn of Waseca	4,000	-
Beyond Brink	9,000	15,521
Blue Earth County - First Steps	92,581	92,581
Boy Scouts Twin Valley Council	84,000	84,000
Cedar Valley Services	-	3,000
Committee Against Domestic Abuse (CADA)	15,000	15,000
Common Good RSVP (Retired Seniors Volunteer Program)	10,850	10,850
CommonBond Communities	-	5,000
Greater Mankato Diversity Council	20,000	20,000
Gustavus Adolphus College	3,500	1,750
Habitat for Humanity of South Central MN	4,850	-
Lake Crystal Area Recreation Center	12,000	12,000
Lake Crystal Community Education	7,000	7,000
Leisure Education for Exceptional People (LEEP)	60,000	60,000
Life-Work Planning Center	25,000	25,000
Lutheran Social Service of MN	50,850	32,200
Mankato Area Girls Fastpitch Association (MAGFA)	-	4,500
Mankato Community Education & Recreation	151,750	138,225
Minnesota Council of Churches	69,849	59,244
NRHEG Community Education	1,500	1,500
Open Door Health Center	83,000	70,000
Partners for Affordable Housing	120,000	95,000
Project for Teens	12,000	12,000
Saint Peter Public School	12,000	12,000
Saint Peter Weekend Children's Food Program	10,000	10,000
Salvation Army	79,700	83,200
Semcac	3,000	-
ServeMinnesota	17,000	-
Southern Minnesota Independent Living Enterprises and Services (SMILES)	11,900	11,900
Southern Minnesota Regional Legal Services	30,000	18,000
Tri-City United Community Education	6,300	-
VINE Faith in Action	159,600	154,600
Waseca Area Neighborhood Service Center	19,000	19,000
Waseca Area Senior Citizens Center	5,000	5,000
Young Men's Christian Association (YMCA)	221,600	221,600
Young Women's Christian Association (YWCA)	93,500	93,500
<b>Total</b>	<b>1,584,180</b>	<b>1,465,641</b>
Less: designated contributions	<u>(12,173)</u>	<u>(9,529)</u>
	<u><b>\$ 1,572,007</b></u>	<u><b>\$ 1,456,112</b></u>