



Consolidated Financial Statements
August 31, 2020 and 2019

**United Way of Northeastern
South Dakota, Inc.**

United Way of Northeastern South Dakota, Inc.

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August 31, 2020 and 2019

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Independent Auditor's Report

The Board of Directors
United Way of Northeastern South Dakota, Inc.
Aberdeen, South Dakota

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of United Way of Northeastern South Dakota, Inc. (a nonprofit corporation), which comprise the consolidated statements of financial position as of August 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of United Way of Northeastern South Dakota, Inc., as of August 31, 2020 and 2019, 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.

A handwritten signature in cursive script that reads "Eric Sully LLP".

Aberdeen, South Dakota
November 30, 2020

United Way of Northeastern South Dakota, Inc.
Consolidated Statements of Financial Position
August 31, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 95,368	\$ 62,567
Certificates of deposit	104,718	103,368
Contributions receivable, net of allowances	156,289	138,934
Prepaid expenses	2,638	3,464
Total current assets	359,013	308,333
Property and Equipment		
Furniture and equipment	3,678	3,678
Computers and software	4,876	4,876
	8,554	8,554
Less accumulated depreciation	(6,578)	(5,784)
Total property and equipment	1,976	2,770
Investments		
Cash value life insurance	8,424	8,099
Investments held by Foundation	1,114,398	1,047,357
Total investments	1,122,822	1,055,456
	\$ 1,483,811	\$ 1,366,559
Liabilities and Net Assets		
Current Liabilities		
Accrued interest	\$ 94	\$ -
Accrued vacation	2,740	2,483
Refundable advance	25,000	-
Total current liabilities	27,834	2,483
Net Assets		
Without donor restrictions		
Undesignated, available for general activities	1,184,028	1,112,417
Designated:		
Contingency fund	100,000	100,000
Total net assets without donor restrictions	1,284,028	1,212,417
With donor restrictions	171,949	151,659
Total net assets	1,455,977	1,364,076
	\$ 1,483,811	\$ 1,366,559

United Way of Northeastern South Dakota, Inc.
Consolidated Statements of Activities
Years Ended August 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue						
Public support						
Campaign contributions	\$ -	\$ 723,247	\$ 723,247	\$ 988	\$ 672,707	\$ 673,695
COVID-19 relief fund contributions	-	86,119	86,119	-	-	-
Less amounts designated by donors for specific organizations	-	(17,372)	(17,372)	-	(16,945)	(16,945)
Initiatives contributions	-	20,000	20,000	-	17,000	17,000
Total public support	-	811,994	811,994	988	672,762	673,750
Net assets released from restrictions	791,704	(791,704)	-	697,337	(697,337)	-
Other revenue						
Net investment return	157,920	-	157,920	46,124	-	46,124
Grant income	-	-	-	2,000	-	2,000
In-kind and miscellaneous income	4,163	-	4,163	14,753	-	14,753
Total other revenue	162,083	-	162,083	62,877	-	62,877
Total public support and revenue	953,787	20,290	974,077	761,202	(24,575)	736,627
Expenses						
Program services expense						
Distributions to local agencies	551,048	-	551,048	565,752	-	565,752
COVID-19 relief fund distributions to local agencies	114,795	-	114,795	-	-	-
Less allocations funded through donor designations	(17,372)	-	(17,372)	(16,945)	-	(16,945)
Total distributions to local agencies	648,471	-	648,471	548,807	-	548,807
Program services - local agencies	50,346	-	50,346	44,141	-	44,141
Total program services expenses	698,817	-	698,817	592,948	-	592,948
Supporting services expense						
Management and general	97,457	-	97,457	94,677	-	94,677
Fundraising	85,902	-	85,902	80,628	-	80,628
Total supporting services expenses	183,359	-	183,359	175,305	-	175,305
Total expenses	882,176	-	882,176	768,253	-	768,253
Change in Net Assets	71,611	20,290	91,901	(7,051)	(24,575)	(31,626)
Net Assets, Beginning of Year	1,212,417	151,659	1,364,076	1,219,468	176,234	1,395,702
Net Assets, End of Year	\$ 1,284,028	\$ 171,949	\$ 1,455,977	\$ 1,212,417	\$ 151,659	\$ 1,364,076

See Notes to Consolidated Financial Statements

United Way of Northeastern South Dakota, Inc.
Consolidated Statements of Functional Expenses
Years Ended August 31, 2020 and 2019

	2020				2019			
	Management and General	Fundraising	Program Services	Total Functional Expenses	Management and General	Fundraising	Program Services	Total Functional Expenses
Local Agency Distributions	\$ -	\$ -	\$ 533,676	\$ 533,676	\$ -	\$ -	\$ 548,807	\$ 548,807
COVID-19 Relief Fund Distributions	-	-	114,795	114,795	-	-	-	-
Salary - Director	18,994	37,987	18,994	75,975	18,284	36,569	18,284	73,137
Salary - Administrative Assistant	25,905	8,933	9,826	44,664	25,076	8,647	9,512	43,235
Experience Grant Expense	-	-	-	-	-	-	500	500
Initiative grant expense	-	-	5,198	5,198	-	-	-	-
Employee Benefits	10,873	8,297	9,442	28,612	9,979	7,616	8,666	26,261
Payroll Taxes	3,499	2,671	3,039	9,209	3,357	2,562	2,914	8,833
National Dues	7,110	-	-	7,110	7,487	-	-	7,487
Campaign Expenses	-	18,275	-	18,275	-	14,806	-	14,806
Service Fees	-	1,475	-	1,475	-	1,630	-	1,630
Sponsorship Expense	-	2,495	-	2,495	-	2,400	-	2,400
Travel and Conference	1,015	-	-	1,015	1,814	-	-	1,814
Director's Expense Allowance	142	85	57	284	234	141	94	469
Office Supplies	760	456	304	1,520	1,177	707	471	2,355
Postage	1,444	866	578	2,888	1,982	1,189	793	3,964
Telephone	970	582	388	1,940	817	491	327	1,635
Office Rent and Utilities	3,575	2,145	1,430	7,150	3,900	2,340	1,560	7,800
Insurance and Bonds	2,050	-	-	2,050	1,494	-	-	1,494
Professional Fees	16,635	-	-	16,635	14,351	-	-	14,351
Membership Dues	920	-	-	920	1,480	-	-	1,480
Computer and Copier Expense	1,681	1,009	672	3,362	1,664	998	666	3,328
Software Expense	647	388	259	1,294	441	265	176	882
Bank Fees	647	-	-	647	694	-	-	694
Miscellaneous Expense	99	-	-	99	-	-	-	-
Depreciation	397	238	159	794	446	267	178	891
Interest Expense	94	-	-	94	-	-	-	-
	<u>\$ 97,457</u>	<u>\$ 85,902</u>	<u>\$ 698,817</u>	<u>\$ 882,176</u>	<u>\$ 94,677</u>	<u>\$ 80,628</u>	<u>\$ 592,948</u>	<u>\$ 768,253</u>

United Way of Northeastern South Dakota, Inc.

Consolidated Statements of Cash Flows
Years Ended August 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Activities		
Change in net assets	\$ 91,901	\$ (31,626)
Adjustments to reconcile change in net assets to net cash from (used for) operating activities:		
Depreciation	794	891
Realized and unrealized (gains) losses	(106,543)	14,683
Change in cash surrender value life insurance	(325)	(318)
Interest added to certificate of deposit	(1,350)	(906)
Changes in assets and liabilities:		
Contributions receivable	(17,355)	31,768
Prepaid expenses	826	(50)
Accounts payable	94	(4,134)
Vacation payable	257	1,403
Refundable advance	25,000	-
Net Cash from (used for) Operating Activities	<u>(6,701)</u>	<u>11,711</u>
Investing Activities		
Sale of investments	78,000	71,292
Purchase of investments	(38,498)	(87,166)
Purchase of equipment	-	(2,648)
Net Cash from (used for) Investing Activities	<u>39,502</u>	<u>(18,522)</u>
Net Change in Cash and Cash Equivalents	32,801	(6,811)
Cash and Cash Equivalents - Beginning of Year	<u>62,567</u>	<u>69,378</u>
Cash and Cash Equivalents - End of Year	<u>\$ 95,368</u>	<u>\$ 62,567</u>

Note 1 - Principal Activity and Significant Accounting Policies

Principal Business Activity

United Way of Northeastern South Dakota, Inc., is a nonprofit corporation organized under the laws of the state of South Dakota. The primary purpose of the Organization is to conduct annual campaigns for the raising of funds to meet the financial needs of various charitable organizations in northeastern South Dakota.

Principles of Consolidation

The consolidated financial statements include the accounts of the United Way of Northeastern South Dakota, Inc., and the United Way of Northeastern South Dakota Foundation (Foundation) (collectively, the Organization) because the United Way of Northeastern South Dakota, Inc., has both control and an economic interest in the Foundation. All significant intercompany accounts and transactions have been eliminated in consolidation.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Concentration of Credit Risk

The Organization's cash balances are maintained in various bank deposit accounts. The deposit amount may exceed federally insured limits at various times throughout the year. The majority of contributions are received from a broad base of northeastern South Dakota contributors as a result of the annual campaigns.

Certificates of Deposit

The Organization records its non-brokered certificates of deposit at cost plus accrued interest.

Contributions Receivable

Contributions receivable are recorded at net realizable value which, due to the short-term nature of the receivables, is the amount pledged less an allowance for amounts estimated to be uncollectible. The allowance for uncollectible contributions receivable is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions receivable are written off when deemed uncollectible.

Investments

Investment purchases are recorded at cost or, if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return is reported in the statements of activities and consists of interest and dividend income and realized and unrealized capital gains and losses, less investment management and custodial fees.

Property and Equipment

Property and equipment are capitalized at cost. It is the Organization's policy to capitalize expenditures or donations of equipment received for these items in excess of a value of \$300. Lesser amounts are expensed. Property and equipment are being depreciated over estimated useful lives of three to ten years using a straight-line method.

The carrying values of property and equipment are reviewed 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 August 31, 2020 and 2019.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-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. Board-designated net assets without donor restrictions consist of net assets designated by the Board of Directors for a contingency fund.

Net Assets with Donor Restrictions – Net assets subject to donor restrictions that either may or will be met by expenditures, actions and/or the passage of time or whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Organization's actions.

Contributions are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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.

Designation of Net Assets Without Donor Restrictions

The Board of Directors has designated a part of its net assets without donor restrictions as a contingency reserve fund. The ultimate goal of this fund would be to set aside up to three months of allocations and operating expenses to have on hand in the event of a community disaster, shutdown of a major employer, community initiative, or other event as the Board deems necessary. The amount designated by the Board in this manner is reflected on the face of the consolidated statements of financial position.

Public Support and Revenue

Annual campaigns are conducted in the fall of the year to raise support for the Organization's allocation to participating agencies. Contributions are recognized when cash, securities or other assets, or unconditional promises to give are received. Contributions designated by donors for specific organizations are excluded from total public support. Campaign results for undesignated contributions received or receivable for annual campaigns are recognized as income in the current year with donor restrictions. 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. Contributions of donated noncash assets are recorded at their fair values in the period received.

Agency Distributions Made

Agency distributions are made based upon the successful completion of the annual campaign. Additionally, the allocation agreement is subject to the agency fulfilling the terms of the agreement. As such, campaign allocations to charitable organizations are deemed conditional until such time these conditions have been substantially met. As a result, agency allocations awarded in one fiscal year, are recorded as expense and distributed to agencies the following fiscal year.

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 value of in-kind contributions recorded was \$679 and \$6,500 for the years ended August 31, 2020 and 2019, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among management and general, fundraising, and program services. The consolidated 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 office rent, utilities and depreciation, which are allocated on a square footage basis, as well as salaries, employee benefits, payroll taxes, director's expense, office supplies, postage, telephone, computer and copier expense, and software expense, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Organization and the Foundation are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and the organizations are not private foundations under the Internal Revenue Code. Each entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. Management has determined that each entity is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990T) with the IRS.

The Organization believes 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.

Subsequent Events

The Organization has evaluated subsequent events through November 30, 2020, the date which the financial statements were available to be issued.

Note 2 - Change in Accounting Principle

The Organization has adopted the provisions of ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08) applicable to contributions received and has early adopted the provisions of contributions made. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. Management has adopted this standard because it assists the Organization in evaluating whether transactions should be accounted for as contributions or exchange transactions and in determining whether a contribution is conditional. As of September 1, 2019, the Organization has implemented the provisions of ASU 2018-08 on a modified prospective basis to agreements that were not completed as of the date of adoption or were entered after the date of adoption. Management has determined that the adoption of this standard did not have a significant impact on the Organization's financial statements.

Note 3 - Liquidity and Availability

The Organization receives contributions and promises to give (pledges) that may or may not be restricted by donors. Contributions and pledges are monitored on an annual campaign calendar and are central to the annual commitment and operational needs of the Organization. The Organization manages its liquidity and reserves following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that short- and long-term grant commitments and obligations will be met by the Organization.

The Organization's Board will monitor and recommend any adjustments using information obtained from financial reporting mechanisms.

United Way of Northeastern South Dakota, Inc.

Notes to Consolidated Financial Statements

August 31, 2020 and 2019

The Organization considers cash and contributions receivable with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. Financial assets that are not available to meet general expenditures are those with donor restrictions for use in non-current programs, Foundation investments estimated as unavailable, and internal Board designations. In the event the need arises to utilize the Board-designated funds or Foundation assets for liquidity purposes, amounts could be made available upon applicable Board resolution.

As part of a liquidity management plan, it is the practice of the Executive Board to place reserve funds into a prudent financial account to gain interest and limit the scope of liquidity, such as, but not limited to: CDs or money market accounts. Additionally, the Executive Board has the authority to borrow money for short-term cash flow problems from a line of credit. The amount borrowed requires approval from two United Way officers and must have a source of income from normal business, excluding the Board-designated contingency fund.

The Foundation's Board of Directors, on an annual basis, review and approve grant requests from local agencies. The amount determined to be paid out from investments by the Foundation is based upon 4% of the investment balance at the end of each calendar year; however, the pay-out amount can be changed at any time as it is at the discretion of the Foundation's Board. The Foundation evaluates earnings for the year and the requests from local agencies when determining if a different pay-out percentage needs to be used.

The following table presents financial assets available for general expenditures within one year of August 31, 2020 and 2019:

	2020	2019
Financial assets at year-end		
Cash	\$ 95,368	\$ 62,567
Certificates of deposit	104,718	103,368
Contributions receivable, net	156,289	138,934
Investments held by Foundation	1,114,398	1,047,357
Total financial assets	1,470,773	1,352,226
Less amounts not available to be used within one year		
Board-designated contingency fund	(100,000)	(100,000)
Cash restricted for non-current programs	(24,441)	(24,441)
Investments estimated not to be spent in next 12 months	(1,069,398)	(1,006,357)
Financial assets available to meet cash needs for general expenditures within one year	\$ 276,934	\$ 221,428

Note 4 - Fair Value Measurements and Disclosures

The Organization reports certain assets at fair value in the consolidated 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 Organization'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, the Organization develops inputs 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.

A significant portion of investment assets are classified within Level 1 because they are comprised of open-end mutual funds and equities with readily-determinable fair values based on daily redemption values. The Organization also invests in corporate bonds traded in the financial markets. These bonds are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions and are classified within Level 2. The Organization's cash value of life insurance policies are determined based upon information received from the life insurance companies and are classified within Level 3.

United Way of Northeastern South Dakota, Inc.

Notes to Consolidated Financial Statements

August 31, 2020 and 2019

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

	Fair Value Measurements at Report Date Using			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<u>Assets</u>				
Investments				
Corporate bonds	\$ -	\$ 320,815	\$ -	\$ 320,815
Cash value life insurance	-	-	8,424	8,424
Equities	32,034	-	-	32,034
Mutual funds				
World allocation	310,972	-	-	310,972
Large blend	155,198	-	-	155,198
Large growth	156,125	-	-	156,125
Bank loan	139,254	-	-	139,254
	<u>\$ 793,583</u>	<u>\$ 320,815</u>	<u>\$ 8,424</u>	<u>\$ 1,122,822</u>

The following table presents assets measured at fair value on a recurring basis at August 31, 2019:

	Fair Value Measurements at Report Date Using			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<u>Assets</u>				
Investments				
Corporate bonds	\$ -	\$ 342,820	\$ -	\$ 342,820
Cash value life insurance	-	-	8,099	8,099
Equities	34,509	-	-	34,509
Mutual funds				
World allocation	293,526	-	-	293,526
Large blend	141,200	-	-	141,200
Large growth	122,403	-	-	122,403
Bank loan	112,899	-	-	112,899
	<u>\$ 704,537</u>	<u>\$ 342,820</u>	<u>\$ 8,099</u>	<u>\$ 1,055,456</u>

United Way of Northeastern South Dakota, Inc.

Notes to Consolidated Financial Statements

August 31, 2020 and 2019

Below is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended August 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash value life insurance		
Balance at beginning of year	\$ 8,099	\$ 7,781
Net unrealized gain	<u>325</u>	<u>318</u>
Balance at end of year	<u>\$ 8,424</u>	<u>\$ 8,099</u>
Unrealized gain included in miscellaneous income in the statement of activities relating to assets still held at end of year	<u>\$ 325</u>	<u>\$ 318</u>

Note 5 - Net Investment Return

Net investment return consists of the following for the years ended August 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Investments		
Interest, dividends and capital gain distributions	\$ 51,377	\$ 60,805
Net realized and unrealized gain (loss)	<u>106,543</u>	<u>(14,683)</u>
	<u>\$ 157,920</u>	<u>\$ 46,122</u>

Note 6 - Contributions Receivable

Contributions receivable at August 31, 2020 and 2019, are as follows:

	<u>2020</u>	<u>2019</u>
Receivable within one year	\$ 189,944	\$ 171,124
Less allowance for uncollectible contributions	(32,150)	(30,160)
Less allowance for service fees	<u>(1,505)</u>	<u>(2,030)</u>
Net contributions receivable	<u>\$ 156,289</u>	<u>\$ 138,934</u>

The amount of contributions receivable at year end reflects the total contributions receivable for both the current and future campaigns. Contributions receivable for the next year's campaign is \$40 and \$542 as of August 31, 2020 and 2019, respectively.

Note 7 - Refundable Advance

The Organization was granted a \$25,000 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the federal government. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization has initially recorded a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan or when such conditions are explicitly waived. Proceeds from the loan are eligible for forgiveness if the Organization maintains employment levels during its covered period and uses the funds for certain payroll, rent, and utility expenses. No contribution revenue has been recorded for the year ended August 31, 2020. The Organization will be required to repay any remaining balance, plus interest accrued at 1%, in monthly payments for any amount not forgiven commencing November 17, 2020, through the maturity date of April 17, 2022.

Note 8 - Line of Credit

The United Way of Northeastern South Dakota, Inc. has a line of credit with US Bank with a credit limit of \$25,000 that is due on demand with no maturity date. This line of credit bears interest at a variable rate of 1.25% over the prime rate. As of August 31, 2020, the interest rate on the line was 4.5%. As of August 31, 2020 and 2019, the outstanding balance on this line of credit was \$0.

Note 9 - Net Assets With Donor Restrictions

Net assets with donor restrictions are as follows:

	2020	2019
Cash, purpose restriction	\$ 11,364	\$ 17,500
Contributions receivable, net of allowance - time restriction	155,969	130,955
Contributions for next year's campaign - time/purpose restriction	4,616	3,204
	<u>\$ 171,949</u>	<u>\$ 151,659</u>

United Way of Northeastern South Dakota, Inc.

Notes to Consolidated Financial Statements

August 31, 2020 and 2019

Net assets were released from restrictions as follows during the years ended August 31, 2020 and 2019:

	2020	2019
Expiration of time restrictions	\$ 130,955	\$ 160,202
Satisfaction of purpose restrictions		
COVID-19 relief fund distributions	114,795	-
Local agency distributions and operating expenses	545,954	537,135
	\$ 791,704	\$ 697,337

Note 10 - Operating Lease

The Organization has entered into a lease agreement for office space at \$650 per month which expires June 29, 2024. Rent paid, including parking fees, for the years ended August 31, 2020 and 2019, was \$7,150 and \$7,800, respectively.

Future required minimum lease payments are as follows:

Year Ending August 31,	Amount
2021	\$ 7,800
2022	7,800
2023	7,800
2024	6,500
	\$ 29,900

Note 11 - Employee Benefit Plan

The Organization has a defined contribution salary deferral plan covering all employees. Under the plan, each eligible employee can contribute up to 6% of their salary, and the Organization matches up to 3% of each eligible employee's salary. Contributions to the plan by the Organization for the years ended August 31, 2020 and 2019, were \$3,611 and \$3,449, respectively.

Note 12 - Related Party Transactions

The Organization received campaign contributions from Board members totaling \$22,604 and \$20,596 for the years ended August 31, 2020 and 2019, respectively. The refundable advance (see Note 7) was obtained from a bank in which a member of United Way of Northeastern South Dakota, Inc.'s Board of Directors serves as an officer of the bank.

Note 13 - Risk Management

COVID-19 Pandemic

During 2020, the world-wide coronavirus pandemic impacted national and global economies. The Organization is closely monitoring its operations, liquidity and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the current and future impact to the Organization is not known.



Supplementary Information
August 31, 2020 and 2019

**United Way of Northeastern
South Dakota, Inc.**



Independent Auditor's Report on Supplementary Information

The Board of Directors
United Way of Northeastern South Dakota, Inc.
Aberdeen, South Dakota

We have audited the consolidated financial statements of United Way of Northeastern South Dakota, Inc. (the Organization) as of and for the years ended August 31, 2020 and 2019, and our report thereon dated November 30, 2020, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary information on pages 19 through 22 is presented for the purposes of additional analysis and is not a required part of the consolidated 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 audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Aberdeen, South Dakota
November 30, 2020

United Way of Northeastern South Dakota, Inc.
Consolidating Statements of Financial Position
August 31, 2020 and 2019

	2020							
	United Way of Northeastern South Dakota Without Donor Restrictions	United Way of Northeastern South Dakota With Donor Restrictions	United Way of Northeastern South Dakota Total	United Way of Northeastern South Dakota Foundation Without Donor Restrictions	United Way of Northeastern South Dakota Foundation With Donor Restrictions	United Way of Northeastern South Dakota Foundation Total	Eliminating Entry	Total
Assets								
Current Assets								
Cash and cash equivalents	\$ 54,947	\$ 15,980	\$ 70,927	\$ 24,441	\$ -	\$ 24,441	\$ -	\$ 95,368
Certificates of deposit	104,718	-	104,718	-	-	-	-	104,718
Contributions receivable, net of allowances	320	155,969	156,289	-	-	-	-	156,289
Prepaid expenses	2,638	-	2,638	-	-	-	-	2,638
Total current assets	<u>162,623</u>	<u>171,949</u>	<u>334,572</u>	<u>24,441</u>	<u>-</u>	<u>24,441</u>	<u>-</u>	<u>359,013</u>
Property and Equipment								
Furniture and equipment	3,678	-	3,678	-	-	-	-	3,678
Computers and software	4,876	-	4,876	-	-	-	-	4,876
	8,554	-	8,554	-	-	-	-	8,554
Less accumulated depreciation	(6,578)	-	(6,578)	-	-	-	-	(6,578)
Total property and equipment	<u>1,976</u>	<u>-</u>	<u>1,976</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,976</u>
Investments	8,424	-	8,424	1,114,398	-	1,114,398	-	1,122,822
	<u>\$ 173,023</u>	<u>\$ 171,949</u>	<u>\$ 344,972</u>	<u>\$ 1,138,839</u>	<u>\$ -</u>	<u>\$ 1,138,839</u>	<u>\$ -</u>	<u>\$ 1,483,811</u>
Liabilities and Net Assets								
Current Liabilities								
Accrued interest	\$ 94	\$ -	\$ 94	\$ -	\$ -	\$ -	\$ -	\$ 94
Accrued vacation	2,740	-	2,740	-	-	-	-	2,740
Refundable advance	25,000	-	25,000	-	-	-	-	25,000
Total current liabilities	<u>27,834</u>	<u>-</u>	<u>27,834</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,834</u>
Net Assets								
Without donor restrictions								
Undesignated, available for general activities	45,189	-	45,189	1,138,839	-	1,138,839	-	1,184,028
Designated:								
Contingency fund	100,000	-	100,000	-	-	-	-	100,000
Total net assets without donor restrictions	<u>145,189</u>	<u>-</u>	<u>145,189</u>	<u>1,138,839</u>	<u>-</u>	<u>1,138,839</u>	<u>-</u>	<u>1,284,028</u>
With donor restrictions								
	-	171,949	171,949	-	-	-	-	171,949
Total net assets	<u>145,189</u>	<u>171,949</u>	<u>317,138</u>	<u>1,138,839</u>	<u>-</u>	<u>1,138,839</u>	<u>-</u>	<u>1,455,977</u>
	<u>\$ 173,023</u>	<u>\$ 171,949</u>	<u>\$ 344,972</u>	<u>\$ 1,138,839</u>	<u>\$ -</u>	<u>\$ 1,138,839</u>	<u>\$ -</u>	<u>\$ 1,483,811</u>

United Way of Northeastern South Dakota, Inc.
Consolidating Statements of Financial Position
August 31, 2020 and 2019

	2019							
	United Way of Northeastern South Dakota Without Donor Restrictions	United Way of Northeastern South Dakota With Donor Restrictions	United Way of Northeastern South Dakota Total	United Way of Northeastern South Dakota Foundation Without Donor Restrictions	United Way of Northeastern South Dakota Foundation With Donor Restrictions	United Way of Northeastern South Dakota Foundation Total	Eliminating Entry	Total
Assets								
Current Assets								
Cash and cash equivalents	\$ 35,408	\$ 3,204	\$ 38,612	\$ 6,455	\$ 17,500	\$ 23,955	\$ -	\$ 62,567
Certificates of deposit	103,368	-	103,368	-	-	-	-	103,368
Contributions receivable, net of allowances	7,979	130,955	138,934	-	-	-	-	138,934
Prepaid expenses	3,464	-	3,464	-	-	-	-	3,464
Total current assets	<u>150,219</u>	<u>134,159</u>	<u>284,378</u>	<u>6,455</u>	<u>17,500</u>	<u>23,955</u>	<u>-</u>	<u>308,333</u>
Property and Equipment								
Furniture and equipment	3,678	-	3,678	-	-	-	-	3,678
Computers and software	4,876	-	4,876	-	-	-	-	4,876
	8,554	-	8,554	-	-	-	-	8,554
Less accumulated depreciation	(5,784)	-	(5,784)	-	-	-	-	(5,784)
Total property and equipment	<u>2,770</u>	<u>-</u>	<u>2,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,770</u>
Investments	8,099	-	8,099	1,047,357	-	1,047,357	-	1,055,456
	<u>\$ 161,088</u>	<u>\$ 134,159</u>	<u>\$ 295,247</u>	<u>\$ 1,053,812</u>	<u>\$ 17,500</u>	<u>\$ 1,071,312</u>	<u>\$ -</u>	<u>\$ 1,366,559</u>
Liabilities and Net Assets								
Current Liabilities								
Accrued vacation	\$ 2,483	\$ -	\$ 2,483	\$ -	\$ -	\$ -	\$ -	\$ 2,483
Total current liabilities	<u>2,483</u>	<u>-</u>	<u>2,483</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,483</u>
Net Assets								
Without donor restrictions								
Undesignated, available for general activities	58,605	-	58,605	1,053,812	-	1,053,812	-	1,112,417
Designated:								
Contingency fund	100,000	-	100,000	-	-	-	-	100,000
Total net assets without donor restrictions	<u>158,605</u>	<u>-</u>	<u>158,605</u>	<u>1,053,812</u>	<u>-</u>	<u>1,053,812</u>	<u>-</u>	<u>1,212,417</u>
With donor restrictions								
	-	134,159	134,159	-	17,500	17,500	-	151,659
Total net assets	<u>158,605</u>	<u>134,159</u>	<u>292,764</u>	<u>1,053,812</u>	<u>17,500</u>	<u>1,071,312</u>	<u>-</u>	<u>1,364,076</u>
	<u>\$ 161,088</u>	<u>\$ 134,159</u>	<u>\$ 295,247</u>	<u>\$ 1,053,812</u>	<u>\$ 17,500</u>	<u>\$ 1,071,312</u>	<u>\$ -</u>	<u>\$ 1,366,559</u>

United Way of Northeastern South Dakota, Inc.
Consolidating Statements of Activities
Years Ended August 31, 2020 and 2019

	2020							Eliminating Entry	Total
	United Way of Northeastern South Dakota Without Donor Restrictions	United Way of Northeastern South Dakota With Donor Restrictions	United Way of Northeastern South Dakota Total	United Way of Northeastern South Dakota Foundation Without Donor Restrictions	United Way of Northeastern South Dakota Foundation With Donor Restrictions	United Way of Northeastern South Dakota Foundation Total			
Public Support and Revenue									
Public support									
Campaign contributions	\$ -	\$ 723,247	\$ 723,247	\$ -	\$ -	\$ -	\$ -	\$ 723,247	
COVID-19 relief fund contributions	-	86,119	86,119	-	-	-	-	86,119	
Less amounts designated by donors for specific organizations	-	(17,372)	(17,372)	-	-	-	-	(17,372)	
Initiatives contributions	-	20,000	20,000	-	-	-	-	20,000	
Total public support	-	811,994	811,994	-	-	-	-	811,994	
Net assets released from restrictions	774,204	(774,204)	-	17,500	(17,500)	-	-	-	
Other revenue									
Net investment return	1,359	-	1,359	156,561	-	156,561	-	157,920	
Grant income	45,000	-	45,000	-	-	-	(45,000)	-	
In-kind and miscellaneous income	4,163	-	4,163	-	-	-	-	4,163	
Total other revenue	50,522	-	50,522	156,561	-	156,561	(45,000)	162,083	
Total public support and revenue	824,726	37,790	862,516	174,061	(17,500)	156,561	(45,000)	974,077	
Expenses									
Program services expense									
Distributions to local agencies	510,048	-	510,048	46,000	-	46,000	(5,000)	551,048	
COVID-19 relief fund distributions to local agencies	114,795	-	114,795	40,000	-	40,000	(40,000)	114,795	
Less allocations funded through donor designations	(17,372)	-	(17,372)	-	-	-	-	(17,372)	
Total distributions to local agencies	607,471	-	607,471	86,000	-	86,000	(45,000)	648,471	
Program services - local agencies	50,346	-	50,346	-	-	-	-	50,346	
Total program services expenses	657,817	-	657,817	86,000	-	86,000	(45,000)	698,817	
Supporting services expense									
Management and general	95,423	-	95,423	2,034	-	2,034	-	97,457	
Fundraising	84,902	-	84,902	1,000	-	1,000	-	85,902	
Total supporting services expenses	180,325	-	180,325	3,034	-	3,034	-	183,359	
Total expenses	838,142	-	838,142	89,034	-	89,034	(45,000)	882,176	
Change in Net Assets	(13,416)	37,790	24,374	85,027	(17,500)	67,527	-	91,901	
Net Assets, Beginning of Year	158,605	134,159	292,764	1,053,812	17,500	1,071,312	-	1,364,076	
Net Assets, End of Year	<u>\$ 145,189</u>	<u>\$ 171,949</u>	<u>\$ 317,138</u>	<u>\$ 1,138,839</u>	<u>\$ -</u>	<u>\$ 1,138,839</u>	<u>\$ -</u>	<u>\$ 1,455,977</u>	

United Way of Northeastern South Dakota, Inc.
Consolidating Statements of Activities
Years Ended August 31, 2020 and 2019

	2019							
	United Way of Northeastern South Dakota Without Donor Restrictions	United Way of Northeastern South Dakota With Donor Restrictions	United Way of Northeastern South Dakota Total	United Way of Northeastern South Dakota Foundation Without Donor Restrictions	United Way of Northeastern South Dakota Foundation With Donor Restrictions	United Way of Northeastern South Dakota Foundation Total	Eliminating Entry	Total
Public Support and Revenue								
Public support								
Campaign contributions	\$ -	\$ 655,207	\$ 655,207	\$ 988	\$ 17,500	\$ 18,488	\$ -	\$ 673,695
Less amounts designated by donors for specific organizations	-	(16,945)	(16,945)	-	-	-	-	(16,945)
Initiatives contributions	-	17,000	17,000	-	-	-	-	17,000
Total public support	-	655,262	655,262	988	17,500	18,488	-	673,750
Net assets released from restrictions	697,337	(697,337)	-	-	-	-	-	-
Other revenue								
Net investment return	933	-	933	45,191	-	45,191	-	46,124
Grant income	2,000	-	2,000	-	-	-	-	2,000
In-kind and miscellaneous income	14,753	-	14,753	-	-	-	-	14,753
Total other revenue	17,686	-	17,686	45,191	-	45,191	-	62,877
Total public support and revenue	715,023	(42,075)	672,948	46,179	17,500	63,679	-	736,627
Expenses								
Program services expense								
Distributions to local agencies	524,150	-	524,150	41,602	-	41,602	-	565,752
Less allocations funded through donor designations	(16,945)	-	(16,945)	-	-	-	-	(16,945)
Total distributions to local agencies	507,205	-	507,205	41,602	-	41,602	-	548,807
Program services - local agencies	44,141	-	44,141	-	-	-	-	44,141
Total program services expenses	551,346	-	551,346	41,602	-	41,602	-	592,948
Supporting services expense								
Management and general	92,254	-	92,254	2,423	-	2,423	-	94,677
Fundraising	80,628	-	80,628	-	-	-	-	80,628
Total supporting services expenses	172,882	-	172,882	2,423	-	2,423	-	175,305
Total expenses	724,228	-	724,228	44,025	-	44,025	-	768,253
Change in Net Assets	(9,205)	(42,075)	(51,280)	2,154	17,500	19,654	-	(31,626)
Net Assets, Beginning of Year	167,810	176,234	344,044	1,051,658	-	1,051,658	-	1,395,702
Net Assets, End of Year	\$ 158,605	\$ 134,159	\$ 292,764	\$ 1,053,812	\$ 17,500	\$ 1,071,312	\$ -	\$ 1,364,076