



Consolidated Financial Statements  
August 31, 2021 and 2020

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

United Way of Northeastern South Dakota, Inc.

Table of Contents

August 31, 2021 and 2020

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Independent Auditor’s Report.....	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position .....	3
Consolidated Statements of Activities .....	4
Consolidated Statements of Functional Expenses.....	5
Consolidated Statements of Cash Flows.....	6
Notes to Consolidated Financial Statements.....	7
Independent Auditor’s Report on Supplementary Information .....	17
Supplementary Information	
Consolidating Statements of Financial Position.....	18
Consolidating Statements of Activities .....	20



## 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, 2021 and 2020, 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 consolidated 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, 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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Aberdeen, South Dakota  
November 24, 2021

United Way of Northeastern South Dakota, Inc.  
Consolidated Statements of Financial Position  
August 31, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 172,908	\$ 95,368
Certificates of deposit	130,342	104,718
Contributions receivable, net of allowances	129,497	156,289
Prepaid expenses	2,887	2,638
Total current assets	435,634	359,013
Property and Equipment		
Furniture and equipment	5,978	3,678
Computers and software	5,278	4,876
	11,256	8,554
Less accumulated depreciation	(6,137)	(6,578)
Total property and equipment	5,119	1,976
Investments		
Cash value life insurance	8,747	8,424
Investments held by Foundation	1,306,777	1,114,398
Total investments	1,315,524	1,122,822
	\$ 1,756,277	\$ 1,483,811
Liabilities and Net Assets		
Current Liabilities		
Accrued interest	\$ -	\$ 94
Accounts payable	1,786	-
Accrued vacation	2,100	2,740
Refundable advance	-	25,000
Total current liabilities	3,886	27,834
Net Assets		
Without donor restrictions		
Undesignated, available for general activities	1,481,089	1,184,028
Designated:		
Contingency fund	125,000	100,000
Total net assets without donor restrictions	1,606,089	1,284,028
With donor restrictions	146,302	171,949
Total net assets	1,752,391	1,455,977
	\$ 1,756,277	\$ 1,483,811

United Way of Northeastern South Dakota, Inc.  
Consolidated Statements of Activities  
Years Ended August 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public Support and Revenue</b>						
Public support						
Campaign contributions	\$ 1,000	\$ 676,251	\$ 677,251	\$ -	\$ 723,247	\$ 723,247
COVID-19 relief fund contributions	-	-	-	-	86,119	86,119
Less amounts designated by donors for specific organizations	-	(10,416)	(10,416)	-	(17,372)	(17,372)
Initiatives contributions	-	-	-	-	20,000	20,000
Total public support	<u>1,000</u>	<u>665,835</u>	<u>666,835</u>	<u>-</u>	<u>811,994</u>	<u>811,994</u>
Other revenue						
Net investment return	238,129	-	238,129	157,920	-	157,920
Grant income	91,396	20,000	111,396	-	-	-
Paycheck Protection Program (PPP) loan forgiveness	57,356	-	57,356	-	-	-
In-kind and miscellaneous income	10,863	-	10,863	4,163	-	4,163
Total other revenue	<u>397,744</u>	<u>20,000</u>	<u>417,744</u>	<u>162,083</u>	<u>-</u>	<u>162,083</u>
Net assets released from restrictions	<u>711,482</u>	<u>(711,482)</u>	<u>-</u>	<u>791,704</u>	<u>(791,704)</u>	<u>-</u>
Total public support and revenue	<u>1,110,226</u>	<u>(25,647)</u>	<u>1,084,579</u>	<u>953,787</u>	<u>20,290</u>	<u>974,077</u>
<b>Expenses</b>						
Program services expense						
Distributions to local agencies	539,921	-	539,921	551,048	-	551,048
COVID-19 relief fund distributions to local agencies	5,553	-	5,553	114,795	-	114,795
Less allocations funded through donor designations	(10,416)	-	(10,416)	(17,372)	-	(17,372)
Total distributions to local agencies	<u>535,058</u>	<u>-</u>	<u>535,058</u>	<u>648,471</u>	<u>-</u>	<u>648,471</u>
Program services - local agencies	<u>46,347</u>	<u>-</u>	<u>46,347</u>	<u>50,346</u>	<u>-</u>	<u>50,346</u>
Total program services expenses	<u>581,405</u>	<u>-</u>	<u>581,405</u>	<u>698,817</u>	<u>-</u>	<u>698,817</u>
Supporting services expense						
Management and general	126,443	-	126,443	97,457	-	97,457
Fundraising	80,317	-	80,317	85,902	-	85,902
Total supporting services expenses	<u>206,760</u>	<u>-</u>	<u>206,760</u>	<u>183,359</u>	<u>-</u>	<u>183,359</u>
Total expenses	<u>788,165</u>	<u>-</u>	<u>788,165</u>	<u>882,176</u>	<u>-</u>	<u>882,176</u>
Change in Net Assets	322,061	(25,647)	296,414	71,611	20,290	91,901
Net Assets, Beginning of Year	<u>1,284,028</u>	<u>171,949</u>	<u>1,455,977</u>	<u>1,212,417</u>	<u>151,659</u>	<u>1,364,076</u>
Net Assets, End of Year	<u>\$ 1,606,089</u>	<u>\$ 146,302</u>	<u>\$ 1,752,391</u>	<u>\$ 1,284,028</u>	<u>\$ 171,949</u>	<u>\$ 1,455,977</u>

See Notes to Consolidated Financial Statements

United Way of Northeastern South Dakota, Inc.  
Consolidated Statements of Functional Expenses  
Years Ended August 31, 2021 and 2020

	2021				2020			
	Management and General	Fundraising	Program Services	Total Functional Expenses	Management and General	Fundraising	Program Services	Total Functional Expenses
Local Agency Distributions	\$ -	\$ -	\$ 529,505	\$ 529,505	\$ -	\$ -	\$ 533,676	\$ 533,676
COVID-19 Relief Fund Distributions	-	-	5,553	5,553	-	-	114,795	114,795
Salary - Director	19,505	39,009	19,505	78,019	18,994	37,987	18,994	75,975
Salary - Administrative Assistant	27,400	9,448	10,393	47,241	25,905	8,933	9,826	44,664
Strategic Planning Expense	24,260	-	-	24,260	-	-	-	-
Initiative Grant Expense	-	-	-	-	-	-	5,198	5,198
Employee Benefits	10,473	7,993	9,095	27,561	10,873	8,297	9,442	28,612
Payroll Taxes	3,660	2,793	3,178	9,631	3,499	2,671	3,039	9,209
National Dues	8,731	-	-	8,731	7,110	-	-	7,110
Campaign Expenses	-	12,985	-	12,985	-	18,275	-	18,275
Service Fees	-	827	-	827	-	1,475	-	1,475
Sponsorship Expense	-	1,000	-	1,000	-	2,495	-	2,495
Travel and Conference	1,822	-	-	1,822	1,015	-	-	1,015
Director's Expense Allowance	186	112	75	373	142	85	57	284
Office Supplies	549	329	220	1,098	760	456	304	1,520
Postage	1,494	896	598	2,988	1,444	866	578	2,888
Telephone	903	542	361	1,806	970	582	388	1,940
Office Rent and Utilities	3,900	2,340	1,560	7,800	3,575	2,145	1,430	7,150
Insurance and Bonds	2,787	-	-	2,787	2,050	-	-	2,050
Professional Fees	16,066	-	-	16,066	16,635	-	-	16,635
Membership Dues	635	-	-	635	920	-	-	920
Computer and Copier Expense	690	414	276	1,380	1,681	1,009	672	3,362
Software Expense	2,326	1,396	931	4,653	647	388	259	1,294
Bank Fees	667	-	-	667	647	-	-	647
Miscellaneous Expense	-	-	-	-	99	-	-	99
Depreciation	389	233	155	777	397	238	159	794
Interest Expense	-	-	-	-	94	-	-	94
	<u>\$ 126,443</u>	<u>\$ 80,317</u>	<u>\$ 581,405</u>	<u>\$ 788,165</u>	<u>\$ 97,457</u>	<u>\$ 85,902</u>	<u>\$ 698,817</u>	<u>\$ 882,176</u>

United Way of Northeastern South Dakota, Inc.

Consolidated Statements of Cash Flows  
Years Ended August 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Operating Activities		
Change in net assets	\$ 296,414	\$ 91,901
Adjustments to reconcile change in net assets to net cash from (used for) operating activities:		
Depreciation	777	794
Realized and unrealized gains on investments held by Foundation	(197,736)	(106,543)
Change in cash surrender value life insurance	(323)	(325)
Interest added to certificate of deposit	(624)	(1,350)
Changes in assets and liabilities:		
Contributions receivable, net	26,792	(17,355)
Prepaid expenses	(249)	826
Accrued interest	(94)	94
Accounts payable	1,786	-
Vacation payable	(640)	257
Refundable advance	(25,000)	25,000
Net Cash from (used for) Operating Activities	<u>101,103</u>	<u>(6,701)</u>
Investing Activities		
Sale of investments	35,000	78,000
Purchase of investments	(29,643)	(38,498)
Purchase of certificate of deposit	(25,000)	-
Purchase of equipment	(3,920)	-
Net Cash from (used for) Investing Activities	<u>(23,563)</u>	<u>39,502</u>
Net Change in Cash and Cash Equivalents	77,540	32,801
Cash and Cash Equivalents - Beginning of Year	<u>95,368</u>	<u>62,567</u>
Cash and Cash Equivalents - End of Year	<u>\$ 172,908</u>	<u>\$ 95,368</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 consolidated 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 consolidated statements of financial position. Net investment return is reported in the consolidated statements of activities and consists of interest and dividend income and realized and unrealized capital gains and losses, less any investment management and custodial fees.

### Fair Value Measurements

The Organization has determined the fair value of certain assets in accordance with generally accepted accounting principles, which provides a framework for measuring fair value.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs.

A fair value hierarchy has been established, which prioritizes the valuation inputs into three broad levels. Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to 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 exchange traded/closed-end funds 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.

There have been no changes in Level 1, Level 2, and Level 3 and no changes in valuation techniques for these assets during the years ended August 31, 2021 and 2020.

## 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, 2021 and 2020.

## **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 reserve 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 consolidated 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 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 and grants are recognized as support 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. Grant awards and donations received for specific purposes are recognized as support to the extent of related expenses incurred in compliance with the specific restrictions. Campaign results for undesignated contributions received or receivable for annual campaigns are recognized as income in the current year with donor restrictions. Conditional grants and 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 consolidated 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 \$7,181 and \$679 for the years ended August 31, 2021 and 2020, 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 United Way of Northeastern South Dakota, Inc., and the Foundation are organized as South Dakota nonprofit corporations and have been recognized by the IRS as exempt from federal income taxes under IRS Section 501(a) as organizations described in IRC Section 501(c)(3), qualify for the charitable contribution deduction, and have been determined not to be private foundations. Each entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entities are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Organization 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.

Management believes that each entity 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 consolidated 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 24, 2021, the date which the consolidated financial statements were available to be issued.

### **Note 2 - 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 of Directors will monitor and recommend any adjustments using information obtained from financial reporting mechanisms.

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 needs 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.

United Way of Northeastern South Dakota, Inc.

Notes to Consolidated Financial Statements

August 31, 2021 and 2020

The following table presents financial assets available for general expenditures within one year of August 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end		
Cash	\$ 172,908	\$ 95,368
Certificates of deposit	130,342	104,718
Contributions receivable, net	129,497	156,289
Investments held by Foundation	<u>1,306,777</u>	<u>1,114,398</u>
Total financial assets	1,739,524	1,470,773
Less amounts not available to be used within one year		
Board-designated contingency fund	(125,000)	(100,000)
Cash restricted for non-current programs	(14,202)	(24,441)
Investments estimated not to be spent in next 12 months	<u>(1,256,777)</u>	<u>(1,069,398)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 343,545</u>	<u>\$ 276,934</u>

**Note 3 - Fair Value Measurements and Disclosures**

There are three general valuation techniques that may be used to measure fair value, as described below:

1. Market approach – Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources;
2. Cost approach – Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and
3. Income approach – Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

Assets itemized below were measured at fair value using the market and income approaches. The market approach was used for Level 1 and 2 assets. The income approach was used for Level 3 assets.

United Way of Northeastern South Dakota, Inc.

Notes to Consolidated Financial Statements

August 31, 2021 and 2020

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

	Fair Value Measurements at Report Date Using			Total
	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
<u>Assets</u>				
Investments				
Corporate bonds	\$ -	\$ 312,396	\$ -	\$ 312,396
Cash value life insurance	-	-	8,747	8,747
Exchange traded/closed end funds	41,886	-	-	41,886
Mutual funds				
Growth funds	540,177	-	-	540,177
Equity / income funds	184,831	-	-	184,831
Growth / income funds	177,340	-	-	177,340
Bond funds	50,147	-	-	50,147
	<u>\$ 994,381</u>	<u>\$ 312,396</u>	<u>\$ 8,747</u>	<u>\$ 1,315,524</u>

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 (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
<u>Assets</u>				
Investments				
Corporate bonds	\$ -	\$ 320,815	\$ -	\$ 320,815
Cash value life insurance	-	-	8,424	8,424
Exchange traded/closed end funds	32,034	-	-	32,034
Mutual funds				
Growth funds	444,381	-	-	444,381
Equity / income funds	161,970	-	-	161,970
Growth / income funds	155,198	-	-	155,198
	<u>\$ 793,583</u>	<u>\$ 320,815</u>	<u>\$ 8,424</u>	<u>\$ 1,122,822</u>

During the years ended August 31, 2021 and 2020, there were no transfers into or out of Level 3 of the fair value hierarchy and no purchases and issuances of Level 3 assets or liabilities.

**Note 4 - Net Investment Return**

Net investment return consists of the following for the years ended August 31, 2021 and 2020:

	2021	2020
Investments		
Interest, dividends and capital gain distributions	\$ 40,393	\$ 51,377
Net realized and unrealized gain	197,736	106,543
	\$ 238,129	\$ 157,920

**Note 5 - Contributions Receivable**

Contributions receivable at August 31, 2021 and 2020, are as follows:

	2021	2020
Receivable within one year	\$ 162,629	\$ 189,944
Less allowance for uncollectible contributions	(30,800)	(32,150)
Less allowance for service fees	(2,332)	(1,505)
Net contributions receivable	\$ 129,497	\$ 156,289

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 was \$7,292 and \$40 as of August 31, 2021 and 2020, respectively.

**Note 6 - Refundable Advances and Loan Forgiveness**

The Organization was granted loans of \$25,000 during fiscal year 2020 and \$32,262 during fiscal year 2021 under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loans were uncollateralized and fully guaranteed by the federal government. The Organization received full forgiveness on both loans from SBA during fiscal year 2021 and was legally released from the obligations. The Organization recorded a contribution when notice of loan forgiveness was received for each loan which is recorded on the 2021 consolidated statement of activities. The refundable advances were 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.



United Way of Northeastern South Dakota, Inc.

Notes to Consolidated Financial Statements

August 31, 2021 and 2020

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**Note 7 - 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, 2021, the interest rate on the line was 4.5%. As of August 31, 2021 and 2020, the outstanding balance on this line of credit was \$0.

**Note 8 - Net Assets With Donor Restrictions**

Net assets with donor restrictions are as follows:

	2021	2020
Cash, purpose restriction	\$ 5,811	\$ 11,364
Contributions receivable, net of allowance - time restriction	129,497	155,969
Contributions for next year's campaign - time/purpose restriction	10,994	4,616
	\$ 146,302	\$ 171,949

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

	2021	2020
Expiration of time restrictions	\$ 155,969	\$ 130,955
Satisfaction of purpose restrictions		
COVID-19 relief fund distributions	5,553	74,795
Initiative grant expenditures	-	20,000
Grant expenditures	20,000	-
Local agency distributions and operating expenses	529,960	565,954
	\$ 711,482	\$ 791,704

**Note 9 - 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, 2021 and 2020, was \$7,800 and \$7,150, respectively.

Future required minimum lease payments are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2022	\$ 7,800
2023	7,800
2024	<u>6,500</u>
	<u>\$ 22,100</u>

**Note 10 - 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, 2021 and 2020, were \$3,777 and \$3,611, respectively.

**Note 11 - Related Party Transactions**

The Organization received campaign contributions from Board members totaling \$26,525 and \$22,604 for the years ended August 31, 2021 and 2020, respectively.



Supplementary Information  
August 31, 2021 and 2020

**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, 2021 and 2020, and our report thereon dated November 24, 2021, 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 18 through 21 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.



Aberdeen, South Dakota  
November 24, 2021

United Way of Northeastern South Dakota, Inc.  
Consolidating Statements of Financial Position  
August 31, 2021 and 2020

	2021							
	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
<b>Assets</b>								
<b>Current Assets</b>								
Cash and cash equivalents	\$ 141,901	\$ 16,805	\$ 158,706	\$ 14,202	\$ -	\$ 14,202	\$ -	\$ 172,908
Certificates of deposit	130,342	-	130,342	-	-	-	-	130,342
Contributions receivable, net of allowances	-	129,497	129,497	-	-	-	-	129,497
Prepaid expenses	2,887	-	2,887	-	-	-	-	2,887
Total current assets	<u>275,130</u>	<u>146,302</u>	<u>421,432</u>	<u>14,202</u>	<u>-</u>	<u>14,202</u>	<u>-</u>	<u>435,634</u>
<b>Property and Equipment</b>								
Furniture and equipment	5,978	-	5,978	-	-	-	-	5,978
Computers and software	5,278	-	5,278	-	-	-	-	5,278
	<u>11,256</u>	<u>-</u>	<u>11,256</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,256</u>
Less accumulated depreciation	(6,137)	-	(6,137)	-	-	-	-	(6,137)
Total property and equipment	<u>5,119</u>	<u>-</u>	<u>5,119</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,119</u>
<b>Investments</b>								
	8,747	-	8,747	1,306,777	-	1,306,777	-	1,315,524
	<u>\$ 288,996</u>	<u>\$ 146,302</u>	<u>\$ 435,298</u>	<u>\$ 1,320,979</u>	<u>\$ -</u>	<u>\$ 1,320,979</u>	<u>\$ -</u>	<u>\$ 1,756,277</u>
<b>Liabilities and Net Assets</b>								
<b>Current Liabilities</b>								
Accounts payable	\$ 1,786	\$ -	\$ 1,786	\$ -	\$ -	\$ -	\$ -	\$ 1,786
Accrued vacation	2,100	-	2,100	-	-	-	-	2,100
Total current liabilities	<u>3,886</u>	<u>-</u>	<u>3,886</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,886</u>
<b>Net Assets</b>								
<b>Without donor restrictions</b>								
Undesignated, available for general activities	160,110	-	160,110	1,320,979	-	1,320,979	-	1,481,089
Designated:								
Contingency fund	125,000	-	125,000	-	-	-	-	125,000
Total net assets without donor restrictions	<u>285,110</u>	<u>-</u>	<u>285,110</u>	<u>1,320,979</u>	<u>-</u>	<u>1,320,979</u>	<u>-</u>	<u>1,606,089</u>
<b>With donor restrictions</b>								
	-	146,302	146,302	-	-	-	-	146,302
Total net assets	<u>285,110</u>	<u>146,302</u>	<u>431,412</u>	<u>1,320,979</u>	<u>-</u>	<u>1,320,979</u>	<u>-</u>	<u>1,752,391</u>
	<u>\$ 288,996</u>	<u>\$ 146,302</u>	<u>\$ 435,298</u>	<u>\$ 1,320,979</u>	<u>\$ -</u>	<u>\$ 1,320,979</u>	<u>\$ -</u>	<u>\$ 1,756,277</u>

United Way of Northeastern South Dakota, Inc.  
Consolidating Statements of Financial Position  
August 31, 2021 and 2020

	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
<b>Assets</b>								
<b>Current Assets</b>								
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>
<b>Property and Equipment</b>								
Furniture and equipment	3,678	-	3,678	-	-	-	-	3,678
Computers and software	4,876	-	4,876	-	-	-	-	4,876
Less accumulated depreciation	(8,554)	-	(8,554)	-	-	-	-	(8,554)
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>
<b>Investments</b>								
	<u>8,424</u>	<u>-</u>	<u>8,424</u>	<u>1,114,398</u>	<u>-</u>	<u>1,114,398</u>	<u>-</u>	<u>1,122,822</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>
<b>Liabilities and Net Assets</b>								
<b>Current Liabilities</b>								
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>
<b>Net Assets</b>								
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 Activities  
Years Ended August 31, 2021 and 2020

	2021							
	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
<b>Public Support and Revenue</b>								
Public support								
Campaign contributions	\$ -	\$ 676,251	\$ 676,251	\$ 1,000	\$ -	\$ 1,000	\$ -	\$ 677,251
Less amounts designated by donors for specific organizations	-	(10,416)	(10,416)	-	-	-	-	(10,416)
Total public support	-	665,835	665,835	1,000	-	1,000	-	666,835
Other revenue								
Net investment return	632	-	632	237,497	-	237,497	-	238,129
Grant income	101,396	20,000	121,396	-	-	-	(10,000)	111,396
PPP loan forgiveness	57,356	-	57,356	-	-	-	-	57,356
In-kind and miscellaneous income	10,863	-	10,863	-	-	-	-	10,863
Total other revenue	170,247	20,000	190,247	237,497	-	237,497	(10,000)	417,744
Net assets released from restrictions	711,482	(711,482)	-	-	-	-	-	-
Total public support and revenue	881,729	(25,647)	856,082	238,497	-	238,497	(10,000)	1,084,579
<b>Expenses</b>								
Program services expense								
Distributions to local agencies	495,556	-	495,556	54,365	-	54,365	(10,000)	539,921
COVID-19 relief fund distributions to local agencies	5,553	-	5,553	-	-	-	-	5,553
Less allocations funded through donor designations	(10,416)	-	(10,416)	-	-	-	-	(10,416)
Total distributions to local agencies	490,693	-	490,693	54,365	-	54,365	(10,000)	535,058
Program services - local agencies	46,347	-	46,347	-	-	-	-	46,347
Total program services expenses	537,040	-	537,040	54,365	-	54,365	(10,000)	581,405
Supporting services expense								
Management and general	124,451	-	124,451	1,992	-	1,992	-	126,443
Fundraising	80,317	-	80,317	-	-	-	-	80,317
Total supporting services expenses	204,768	-	204,768	1,992	-	1,992	-	206,760
Total expenses	741,808	-	741,808	56,357	-	56,357	(10,000)	788,165
Change in Net Assets	139,921	(25,647)	114,274	182,140	-	182,140	-	296,414
Net Assets, Beginning of Year	145,189	171,949	317,138	1,138,839	-	1,138,839	-	1,455,977
Net Assets, End of Year	\$ 285,110	\$ 146,302	\$ 431,412	\$ 1,320,979	\$ -	\$ 1,320,979	\$ -	\$ 1,752,391

United Way of Northeastern South Dakota, Inc.  
Consolidating Statements of Activities  
Years Ended August 31, 2021 and 2020

	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
<b>Public Support and Revenue</b>								
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	<u>-</u>	<u>811,994</u>	<u>811,994</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>811,994</u>
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	<u>50,522</u>	<u>-</u>	<u>50,522</u>	<u>156,561</u>	<u>-</u>	<u>156,561</u>	<u>(45,000)</u>	<u>162,083</u>
Net assets released from restrictions	774,204	(774,204)	-	17,500	(17,500)	-	-	-
Total public support and revenue	<u>824,726</u>	<u>37,790</u>	<u>862,516</u>	<u>174,061</u>	<u>(17,500)</u>	<u>156,561</u>	<u>(45,000)</u>	<u>974,077</u>
<b>Expenses</b>								
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	<u>607,471</u>	<u>-</u>	<u>607,471</u>	<u>86,000</u>	<u>-</u>	<u>86,000</u>	<u>(45,000)</u>	<u>648,471</u>
Program services - local agencies	50,346	-	50,346	-	-	-	-	50,346
Total program services expenses	<u>657,817</u>	<u>-</u>	<u>657,817</u>	<u>86,000</u>	<u>-</u>	<u>86,000</u>	<u>(45,000)</u>	<u>698,817</u>
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	<u>180,325</u>	<u>-</u>	<u>180,325</u>	<u>3,034</u>	<u>-</u>	<u>3,034</u>	<u>-</u>	<u>183,359</u>
Total expenses	<u>838,142</u>	<u>-</u>	<u>838,142</u>	<u>89,034</u>	<u>-</u>	<u>89,034</u>	<u>(45,000)</u>	<u>882,176</u>
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>