



Consolidated Financial Statements
August 31, 2022 and 2021

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

United Way of Northeastern South Dakota, Inc.

Table of Contents

August 31, 2022 and 2021

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 Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of United Way of Northeastern South Dakota, Inc., which comprise the consolidated statements of financial position as of August 31, 2022 and 2021, 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.

In our opinion, the accompanying 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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities of the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of United Way of Northeastern South Dakota, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated 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; and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Northeastern South Dakota, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities of the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United Way of Northeastern South Dakota, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about United Way of Northeastern South Dakota, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

Aberdeen, South Dakota
November 17, 2022

United Way of Northeastern South Dakota, Inc.
Consolidated Statements of Financial Position
August 31, 2022 and 2021

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 130,074	\$ 172,908
Certificates of deposit	130,785	130,342
Contributions receivable, net of allowances	119,228	129,497
Prepaid expenses	11,173	2,887
Total current assets	391,260	435,634
Property and Equipment		
Furniture and equipment	5,448	5,978
Computers and software	1,803	5,278
	7,251	11,256
Less accumulated depreciation	(2,769)	(6,137)
Total property and equipment	4,482	5,119
Investments		
Cash value life insurance	9,072	8,747
Investments held by Foundation	1,076,378	1,306,777
Total investments	1,085,450	1,315,524
	\$ 1,481,192	\$ 1,756,277
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 372	\$ 1,786
Accrued vacation	2,016	2,100
Total current liabilities	2,388	3,886
Net Assets		
Without donor restrictions		
Undesignated, available for general activities	1,229,387	1,481,089
Designated:		
Contingency fund	125,000	125,000
Total net assets without donor restrictions	1,354,387	1,606,089
With donor restrictions	124,417	146,302
Total net assets	1,478,804	1,752,391
	\$ 1,481,192	\$ 1,756,277

United Way of Northeastern South Dakota, Inc.
Consolidated Statements of Activities
Years Ended August 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue						
Public support						
Campaign contributions	\$ -	\$ 705,571	\$ 705,571	\$ 1,000	\$ 676,251	\$ 677,251
Less amounts designated by donors for specific organizations	-	(14,894)	(14,894)	-	(10,416)	(10,416)
Total public support	-	690,677	690,677	1,000	665,835	666,835
Other revenue						
Net investment return	(198,258)	-	(198,258)	238,129	-	238,129
Grant income	-	10,000	10,000	91,396	20,000	111,396
Paycheck Protection Program (PPP) loan forgiveness	-	-	-	57,356	-	57,356
In-kind contributions	-	-	-	7,181	-	7,181
Miscellaneous income	3,664	-	3,664	3,682	-	3,682
Total other revenue	(194,594)	10,000	(184,594)	397,744	20,000	417,744
Net assets released from restrictions	722,562	(722,562)	-	711,482	(711,482)	-
Total public support and revenue	527,968	(21,885)	506,083	1,110,226	(25,647)	1,084,579
Expenses						
Program services expense						
Distributions to local agencies	522,111	-	522,111	539,921	-	539,921
COVID-19 relief fund distributions to local agencies	5,811	-	5,811	5,553	-	5,553
Less allocations funded through donor designations	(14,894)	-	(14,894)	(10,416)	-	(10,416)
Total distributions to local agencies	513,028	-	513,028	535,058	-	535,058
Program services - local agencies	56,074	-	56,074	46,347	-	46,347
Total program services expenses	569,102	-	569,102	581,405	-	581,405
Supporting services expense						
Management and general	111,341	-	111,341	126,443	-	126,443
Fundraising	99,227	-	99,227	80,317	-	80,317
Total supporting services expenses	210,568	-	210,568	206,760	-	206,760
Total expenses	779,670	-	779,670	788,165	-	788,165
Change in Net Assets	(251,702)	(21,885)	(273,587)	322,061	(25,647)	296,414
Net Assets, Beginning of Year	1,606,089	146,302	1,752,391	1,284,028	171,949	1,455,977
Net Assets, End of Year	\$ 1,354,387	\$ 124,417	\$ 1,478,804	\$ 1,606,089	\$ 146,302	\$ 1,752,391

See Notes to Consolidated Financial Statements

United Way of Northeastern South Dakota, Inc.
Consolidated Statements of Functional Expenses
Years Ended August 31, 2022 and 2021

	2022				2021			
	Management and General	Fundraising	Program Services	Total Functional Expenses	Management and General	Fundraising	Program Services	Total Functional Expenses
Local Agency Distributions	\$ -	\$ -	\$ 507,217	\$ 507,217	\$ -	\$ -	\$ 529,505	\$ 529,505
COVID-19 Relief Fund Distributions	-	-	5,811	5,811	-	-	5,553	5,553
Salary - Director	20,592	41,184	20,592	82,368	19,505	39,009	19,505	78,019
Salary - Communications Impact Director	28,472	9,818	10,800	49,089	27,400	9,448	10,393	47,241
Salary - Campaign Associate	490	7,839	1,470	9,799	-	-	-	-
Strategic Planning Expense	-	-	-	-	24,260	-	-	24,260
Experience and Initiative Grant Expense	-	-	8,895	8,895	-	-	-	-
Employee Benefits	9,091	10,909	5,974	25,974	10,473	7,993	9,095	27,561
Payroll Taxes	3,784	4,541	2,487	10,812	3,660	2,793	3,178	9,631
National Dues	12,375	-	-	12,375	8,731	-	-	8,731
Campaign Expenses	-	17,934	-	17,934	-	12,985	-	12,985
Service Fees Expense (Recoveries)	-	(899)	-	(899)	-	827	-	827
Sponsorship Expense	-	150	150	300	-	1,000	-	1,000
Travel and Conference	1,608	-	536	2,144	1,822	-	-	1,822
Director's Expense Allowance	86	52	35	174	186	112	75	373
Office Supplies	1,147	688	459	2,294	549	329	220	1,098
Postage	1,887	1,132	755	3,774	1,494	896	598	2,988
Telephone	1,269	761	508	2,538	903	542	361	1,806
Office Rent and Utilities	3,900	2,340	1,560	7,800	3,900	2,340	1,560	7,800
Insurance and Bonds	2,130	-	-	2,130	2,787	-	-	2,787
Professional Fees	17,147	-	-	17,147	16,066	-	-	16,066
Membership Dues	1,170	-	-	1,170	635	-	-	635
Computer and Copier Expense	1,737	1,042	695	3,474	690	414	276	1,380
Software Expense	2,126	1,275	850	4,251	2,326	1,396	931	4,653
Bank Fees	659	-	-	659	667	-	-	667
Depreciation	769	461	308	1,538	389	233	155	777
Loss on Disposal	902	-	-	902	-	-	-	-
	<u>\$ 111,341</u>	<u>\$ 99,227</u>	<u>\$ 569,102</u>	<u>\$ 779,670</u>	<u>\$ 126,443</u>	<u>\$ 80,317</u>	<u>\$ 581,405</u>	<u>\$ 788,165</u>

See Notes to Consolidated Financial Statements

United Way of Northeastern South Dakota, Inc.

Consolidated Statements of Cash Flows
Years Ended August 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Activities		
Change in net assets	\$ (273,587)	\$ 296,414
Adjustments to reconcile change in net assets to net cash from (used for) operating activities:		
Depreciation	1,538	777
Realized and unrealized losses (gains) on Foundation investments	270,038	(197,736)
Loss on disposal of property and equipment	902	-
Change in cash surrender value life insurance	(325)	(323)
Interest added to certificate of deposit	(443)	(624)
Changes in assets and liabilities:		
Contributions receivable, net	10,269	26,792
Prepaid expenses	(8,286)	(249)
Accrued interest	-	(94)
Accounts payable	(1,414)	1,786
Vacation payable	(84)	(640)
Refundable advance	-	(25,000)
Net Cash from (used for) Operating Activities	<u>(1,392)</u>	<u>101,103</u>
Investing Activities		
Sale of investments	130,733	35,000
Purchase of investments	(170,372)	(29,643)
Purchase of certificate of deposit	-	(25,000)
Purchase of equipment	(1,803)	(3,920)
Net Cash used for Investing Activities	<u>(41,442)</u>	<u>(23,563)</u>
Net Change in Cash and Cash Equivalents	(42,834)	77,540
Cash and Cash Equivalents - Beginning of Year	<u>172,908</u>	<u>95,368</u>
Cash and Cash Equivalents - End of Year	<u>\$ 130,074</u>	<u>\$ 172,908</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, 2022 and 2021.

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, 2022 and 2021.

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. Donated professional services are recorded at the respective fair values of the services received. The Organization's policy is to distribute contributed assets to local agencies in need unless the asset is restricted for use in a specific program by the donor.

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.

New Accounting Pronouncement

As of September 1, 2021, the Organization adopted the provisions of Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires enhanced presentation and disclosure of contributed nonfinancial assets. Management has adopted the amendments of this update on a retrospective basis, because it provides increased and more transparent disclosure around contributed nonfinancial assets. In-kind contributions of \$7,181 were reclassified out of miscellaneous income on the consolidated statement of activities for the year ended August 31, 2021. Such reclassifications had no impact on the 2021 change in net assets or net assets.

Subsequent Events

The Organization has evaluated subsequent events through November 17, 2022, 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.

United Way of Northeastern South Dakota, Inc.

Notes to Consolidated Financial Statements

August 31, 2022 and 2021

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, 2022 and 2021:

	2022	2021
Financial assets at year-end		
Cash	\$ 130,074	\$ 172,908
Certificates of deposit	130,785	130,342
Contributions receivable, net	119,228	129,497
Investments held by Foundation	1,076,378	1,306,777
Total financial assets	1,456,465	1,739,524
Less amounts not available to be used within one year		
Board-designated contingency fund	(125,000)	(125,000)
Cash restricted for non-current programs	(3,377)	(14,202)
Investments estimated not to be spent in next 12 months	(1,031,378)	(1,256,777)
Financial assets available to meet cash needs for general expenditures within one year	\$ 296,710	\$ 343,545

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, 2022 and 2021

The following table presents assets measured at fair value on a recurring basis at August 31, 2022:

	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	\$ -	\$ 215,649	\$ -	\$ 215,649
Cash value life insurance	-	-	9,072	9,072
Exchange-traded/closed-end funds	35,614	-	-	35,614
Mutual funds				
Growth funds	359,385	-	-	359,385
Equity / income funds	171,949	-	-	171,949
Growth / income funds	144,950	-	-	144,950
Bond funds	148,831	-	-	148,831
	<u>\$ 860,729</u>	<u>\$ 215,649</u>	<u>\$ 9,072</u>	<u>\$ 1,085,450</u>

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>

During the years ended August 31, 2022 and 2021, 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, 2022 and 2021:

	2022	2021
Investments		
Interest, dividends and capital gain distributions	\$ 71,780	\$ 40,393
Net realized and unrealized gains (losses)	(270,038)	197,736
	\$ (198,258)	\$ 238,129

Note 5 - Contributions Receivable

Contributions receivable at August 31, 2022 and 2021, are as follows:

	2022	2021
Receivable within one year	\$ 146,961	\$ 162,629
Less allowance for uncollectible contributions	(26,300)	(30,800)
Less allowance for service fees	(1,433)	(2,332)
Net contributions receivable	\$ 119,228	\$ 129,497

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 \$500 and \$7,292 as of August 31, 2022 and 2021, 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, 2022 and 2021

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, 2022, the interest rate on the line was 6.75%. As of August 31, 2022 and 2021, 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:

	2022	2021
Cash, purpose restriction	\$ 1,812	\$ 5,811
Contributions receivable, net of allowance - time restriction	119,228	129,497
Contributions for next year's campaign - time/purpose restriction	3,377	10,994
	\$ 124,417	\$ 146,302

Net assets were released from restrictions as follows during the years ended August 31, 2022 and 2021:

	2022	2021
Expiration of time restrictions	\$ 129,497	\$ 155,969
Satisfaction of purpose restrictions		
COVID-19 relief fund distributions	5,811	5,553
Grant expenditures	8,188	20,000
Local agency distributions and operating expenses	579,066	529,960
	\$ 722,562	\$ 711,482

Note 9 - In-Kind Contributions

For the years ended August 31, 2022 and 2021, in-kind contributions were without donor restrictions and were utilized as follows:

	2022	2021
Program Services - Local Agency Distributions - Supplies	\$ -	\$ 7,181
	\$ -	\$ 7,181

Contributed supplies that are received are allocated and distributed to local agency programs. The value of the contributed supplies are based on vendor estimated prices of products or valued based on identical or similar products considering the goods' conditions and utility for the use at the of the contribution.

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, 2022 and 2021, was \$7,800 and \$7,800, respectively.

Future required minimum lease payments are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2023	\$ 7,800
2024	6,500
	<u>\$ 14,300</u>

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, 2022 and 2021, were \$4,240 and \$3,777, respectively.

Note 12 - Related Party Transactions

The Organization received campaign contributions from Board members totaling \$25,389 and \$26,525 for the years ended August 31, 2022 and 2021, respectively.



Supplementary Information
August 31, 2022 and 2021

**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, 2022 and 2021 and have issued our report thereon dated November 17, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole.

The consolidating statements of financial position and consolidating statements of activities are presented for the purposes of additional analysis and are 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 consolidated 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 17, 2022

United Way of Northeastern South Dakota, Inc.
Consolidating Statements of Financial Position
August 31, 2022 and 2021

	2022							
	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	\$ 122,354	\$ 5,189	\$ 127,543	\$ 2,531	\$ -	\$ 2,531	\$ -	\$ 130,074
Certificates of deposit	130,785	-	130,785	-	-	-	-	130,785
Contributions receivable, net of allowances	-	119,228	119,228	-	-	-	-	119,228
Prepaid expenses	11,173	-	11,173	-	-	-	-	11,173
Total current assets	<u>264,312</u>	<u>124,417</u>	<u>388,729</u>	<u>2,531</u>	<u>-</u>	<u>2,531</u>	<u>-</u>	<u>391,260</u>
Property and Equipment								
Furniture and equipment	5,448	-	5,448	-	-	-	-	5,448
Computers and software	1,803	-	1,803	-	-	-	-	1,803
	7,251	-	7,251	-	-	-	-	7,251
Less accumulated depreciation	(2,769)	-	(2,769)	-	-	-	-	(2,769)
Total property and equipment	<u>4,482</u>	<u>-</u>	<u>4,482</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,482</u>
Investments								
	9,072	-	9,072	1,076,378	-	1,076,378	-	1,085,450
	<u>\$ 277,866</u>	<u>\$ 124,417</u>	<u>\$ 402,283</u>	<u>\$ 1,078,909</u>	<u>\$ -</u>	<u>\$ 1,078,909</u>	<u>\$ -</u>	<u>\$ 1,481,192</u>
Liabilities and Net Assets								
Current Liabilities								
Accounts payable	\$ 372	\$ -	\$ 372	\$ -	\$ -	\$ -	\$ -	\$ 372
Accrued vacation	2,016	-	2,016	-	-	-	-	2,016
Total current liabilities	<u>2,388</u>	<u>-</u>	<u>2,388</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,388</u>
Net Assets								
Without donor restrictions								
Undesignated, available for general activities	150,478	-	150,478	1,078,909	-	1,078,909	-	1,229,387
Designated:								
Contingency fund	125,000	-	125,000	-	-	-	-	125,000
Total net assets without donor restrictions	<u>275,478</u>	<u>-</u>	<u>275,478</u>	<u>1,078,909</u>	<u>-</u>	<u>1,078,909</u>	<u>-</u>	<u>1,354,387</u>
With donor restrictions								
	-	124,417	124,417	-	-	-	-	124,417
Total net assets	<u>275,478</u>	<u>124,417</u>	<u>399,895</u>	<u>1,078,909</u>	<u>-</u>	<u>1,078,909</u>	<u>-</u>	<u>1,478,804</u>
	<u>\$ 277,866</u>	<u>\$ 124,417</u>	<u>\$ 402,283</u>	<u>\$ 1,078,909</u>	<u>\$ -</u>	<u>\$ 1,078,909</u>	<u>\$ -</u>	<u>\$ 1,481,192</u>

United Way of Northeastern South Dakota, Inc.
Consolidating Statements of Financial Position
August 31, 2022 and 2021

	2021							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			
Assets									
Current Assets									
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>	
Property and Equipment									
Furniture and equipment	5,978	-	5,978	-	-	-	-	5,978	
Computers and software	5,278	-	5,278	-	-	-	-	5,278	
	11,256	-	11,256	-	-	-	-	11,256	
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>	
Investments									
	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>	
Liabilities and Net Assets									
Current Liabilities									
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>	
Net Assets									
Without donor restrictions									
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>	
With donor restrictions									
	-	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 Activities
Years Ended August 31, 2022 and 2021

	2022							
	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	\$ -	\$ 705,571	\$ 705,571	\$ -	\$ -	\$ -	\$ -	\$ 705,571
Less amounts designated by donors for specific organizations	-	(14,894)	(14,894)	-	-	-	-	(14,894)
Total public support	-	690,677	690,677	-	-	-	-	690,677
Other revenue								
Net investment return	453	-	453	(198,711)	-	(198,711)	-	(198,258)
Grant income	20,000	10,000	30,000	-	-	-	(20,000)	10,000
Miscellaneous income	3,664	-	3,664	-	-	-	-	3,664
Total other revenue	24,117	10,000	34,117	(198,711)	-	(198,711)	(20,000)	(184,594)
Net assets released from restrictions	722,562	(722,562)	-	-	-	-	-	-
Total public support and revenue	746,679	(21,885)	724,794	(198,711)	-	(198,711)	(20,000)	506,083
Expenses								
Program services expense								
Distributions to local agencies	500,861	-	500,861	41,250	-	41,250	(20,000)	522,111
COVID-19 relief fund distributions to local agencies	5,811	-	5,811	-	-	-	-	5,811
Less allocations funded through donor designations	(14,894)	-	(14,894)	-	-	-	-	(14,894)
Total distributions to local agencies	491,778	-	491,778	41,250	-	41,250	(20,000)	513,028
Program services - local agencies	56,074	-	56,074	-	-	-	-	56,074
Total program services expenses	547,852	-	547,852	41,250	-	41,250	(20,000)	569,102
Supporting services expense								
Management and general	109,232	-	109,232	2,109	-	2,109	-	111,341
Fundraising	99,227	-	99,227	-	-	-	-	99,227
Total supporting services expenses	208,459	-	208,459	2,109	-	2,109	-	210,568
Total expenses	756,311	-	756,311	43,359	-	43,359	(20,000)	779,670
Change in Net Assets	(9,632)	(21,885)	(31,517)	(242,070)	-	(242,070)	-	(273,587)
Net Assets, Beginning of Year	285,110	146,302	431,412	1,320,979	-	1,320,979	-	1,752,391
Net Assets, End of Year	\$ 275,478	\$ 124,417	\$ 399,895	\$ 1,078,909	\$ -	\$ 1,078,909	\$ -	\$ 1,478,804

United Way of Northeastern South Dakota, Inc.
Consolidating Statements of Activities
Years Ended August 31, 2022 and 2021

	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
Public Support and Revenue								
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 contributions	7,181	-	7,181	-	-	-	-	7,181
Miscellaneous income	3,682	-	3,682	-	-	-	-	3,682
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
Expenses								
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