UNITED WAY OF WASHINGTON COUNTY-EAST, INC.
STILLWATER, MINNESOTA

FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

SmithSchafer

UNITED WAY OF WASHINGTON COUNTY-EAST, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Washington County-East, Inc.
Stillwater, Minnesota

Opinion

We have audited the financial statements of United Way of Washington County-East, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of United Way of Washington County-East, Inc. as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

Report on Summarized Comparative Information

We have previously audited the United Way of Washington County-East, Inc.'s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 15, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Smith, Schafer and Associates, Ltd.

Minneapolis, Minnesota
March 4, 2025

UNITED WAY OF WASHINGTON COUNTY-EAST, INC.

STATEMENTS OF FINANCIAL POSITION
June 30, 2024 and 2023

ASSETS	2024	2023
Current Assets		
Cash and cash equivalents	$ 688,741	$ 514,832
Certificates of deposit maturing in less than one year	70,495	53,457
Promises to give, less uncollectible allowance of $17,148 in 2024 and $23,324 in 2023	92,762	132,167
Other current receivable	469	19,701
Prepaid expenses and other current assets	9,755	8,136
Total Current Assets	862,222	728,293
Property and Equipment		
Equipment	61,211	60,365
Less: Accumulated depreciation	58,686	57,501
Total Property and Equipment, net of depreciation	2,525	2,864
Operating lease right-of-use asset	6,059	29,795
Total Property and Equipment, net	8,584	32,659
Other Assets		
Certificates of deposit maturing in more than one year	27,439	42,362
Market value of Legacy Endowment Fund	27,166	25,058
Total Other Assets	54,605	67,420
TOTAL ASSETS	$ 925,411	$ 828,372

See Notes to Financial Statements

LIABILITIES AND NET ASSETS	2024	2023
Current Liabilities		
Current portion of operating lease liability	**$ 3,140**	$ 24,138
Accounts payable and accrued expenses	**39,462**	19,355
Fund distribution payable	**251,733**	243,373
Total Current Liabilities	**294,335**	286,866
Long-Term Liabilities		
Operating lease liability, net of current portion	**2,919**	6,059
Total Liabilities	**297,254**	292,925
Net Assets		
Without Donor Restrictions		
Undesignated	**190,033**	186,380
Designated reserve	**386,555**	306,783
Total Without Donor Restrictions	**576,588**	493,163
With Donor Restrictions		
Kay Clint	**7,051**	7,051
Women United	**12,341**	6,574
Youth United Way	**5,011**	3,601
Legacy endowment fund	**27,166**	25,058
Total With Donor Restrictions	**51,569**	42,284
Total Net Assets	**628,157**	535,447
TOTAL LIABILITIES AND NET ASSETS	**$ 925,411**	$ 828,372

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UNITED WAY OF WASHINGTON COUNTY-EAST, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2024
With Comparative Totals For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Totals 2024	Totals 2023
Public Support and Revenue				
Annual fall campaign	**$ 454,657**	**$ -**	**$ 454,657**	$ 525,941
Youth United Way	**-**	**4,370**	**4,370**	2,643
Estimated uncollectible pledges	**(14,145)**	**-**	**(14,145)**	(10,939)
Net Campaign Support	**440,512**	**4,370**	**444,882**	517,645
Specific grants	**4,892**	**5,767**	**10,659**	4,831
General operating grants	**302,209**	**-**	**302,209**	302,358
Fundraisers and events, net direct benefit to donors	**292,384**	**-**	**292,384**	145,726
Gifts in kind	**3,635**	**-**	**3,635**	52,990
Investment return, net	**6,209**	**3,617**	**9,826**	4,660
Net Assets Released From Restrictions	**4,469**	**(4,469)**	**-**	-
Total Public Support and Revenue	**1,054,310**	**9,285**	**1,063,595**	1,028,210
Net Functional Expenses				
Services to members	**2,175**	**-**	**2,175**	10,453
Community education	**4,879**	**-**	**4,879**	4,566
Community building	**63,991**	**-**	**63,991**	80,512
Fund distribution	**613,112**	**-**	**613,112**	491,262
Management and general	**131,390**	**-**	**131,390**	132,351
Fundraising	**155,338**	**-**	**155,338**	163,653
Total Net Functional Expenses	**970,885**	**-**	**970,885**	882,797
Increase in Net Assets	**83,425**	**9,285**	**92,710**	145,413
NET ASSETS – BEGINNING OF YEAR	**493,163**	**42,284**	**535,447**	390,034
NET ASSETS – END OF YEAR	**$ 576,588**	**$ 51,569**	**$ 628,157**	$ 535,447

See Notes to Financial Statements

UNITED WAY OF WASHINGTON COUNTY-EAST, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2024

	Program Services				
	Services to Members	Community Education	Community Building	Fund Distribution	Total
Fund Distribution of Campaign Support					
Youth	$ -	$ -	$ -	$ 106,803	**$ 106,803**
Basic needs	-	-	-	140,001	**140,001**
Health	-	-	-	98,198	**98,198**
Self-sufficiency	-	-	-	115,000	**115,000**
Designations and special allocations	-	-	-	23,284	**23,284**
Total Fund Distribution of Campaign Support	-	-	-	483,286	**483,286**
Salaries and Related					
Salaries and wages	1,555	3,273	43,449	107,960	**156,237**
Payroll taxes	134	282	3,744	8,729	**12,889**
Employee benefits	148	396	5,247	10,791	**16,582**
Total Salaries and Related	1,837	3,951	52,440	127,480	**185,708**
Fundraising event expense	-	-	231	-	**231**
Professional fees	-	-	-	-	**-**
Office rent	143	393	4,774	989	**6,299**
Bank fees	-	-	-	-	**-**
Printing and publications	-	-	-	-	**-**
Postage	-	-	-	-	**-**
Paid to affiliates	71	196	2,383	493	**3,143**
Telephone and utilities	41	112	1,361	282	**1,796**
Technology support	38	103	1,252	259	**1,652**
Supplies	-	-	43	-	**43**
Equipment rent and maintenance	21	59	714	148	**942**
Insurance	18	49	594	123	**784**
Dues and subscriptions	-	-	-	-	**-**
Conferences and meetings	-	-	-	-	**-**
Depreciation	6	16	199	41	**262**
Travel and mileage reimbursements	-	-	-	7	**7**
Other expense	-	-	-	4	**4**
Total Other Expenses	338	928	11,551	2,346	**15,163**
Total Functional Expenses	2,175	4,879	63,991	613,112	**684,157**
Direct Benefit to Donors	-	-	-	-	**-**
FUNCTIONAL EXPENSES, NET OF DIRECT BENEFIT TO DONORS	$ 2,175	$ 4,879	$ 63,991	$ 613,112	**$ 684,157**

See Notes to Financial Statements

Supporting Services			
Management and General	Fund Raising	Total	Totals
$ -	$ -	**$ -**	**$ 106,803**
-	-	**-**	**140,001**
-	-	**-**	**98,198**
-	-	**-**	**115,000**
-	-	**-**	**23,284**
-	-	**-**	**483,286**
49,659	31,187	**80,846**	**237,083**
4,198	2,613	**6,811**	**19,700**
5,264	4,474	**9,738**	**26,320**
59,121	38,274	**97,395**	**283,103**
-	84,110	**84,110**	**84,341**
40,658	4,000	**44,658**	**44,658**
7,923	9,462	**17,385**	**23,684**
5,756	13,713	**19,469**	**19,469**
389	11,637	**12,026**	**12,026**
1,868	6,264	**8,132**	**8,132**
-	4,723	**4,723**	**7,866**
2,372	2,697	**5,069**	**6,865**
588	3,716	**4,304**	**5,956**
4,353	68	**4,421**	**4,464**
1,246	1,416	**2,662**	**3,604**
1,035	1,176	**2,211**	**2,995**
2,953	-	**2,953**	**2,953**
1,485	496	**1,981**	**1,981**
529	394	**923**	**1,185**
560	-	**560**	**567**
554	-	**554**	**558**
72,269	143,872	**216,141**	**231,304**
131,390	182,146	**313,536**	**997,693**
-	(26,808)	**(26,808)**	**(26,808)**
$ 131,390	$ 155,338	**$ 286,728**	**$ 970,885**

UNITED WAY OF WASHINGTON COUNTY-EAST, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2023

	Program Services				
	Services to Members	Community Education	Community Building	Fund Distribution	Total
Fund Distribution of Campaign Support					
Youth	$ -	$ -	$ -	$ 95,622	**$ 95,622**
Basic needs	-	-	-	121,100	**121,100**
Health	-	-	-	92,652	**92,652**
Self-sufficiency	-	-	-	110,424	**110,424**
Designations and special allocations	-	-	-	56,885	**56,885**
Total Fund Distribution of Campaign Support	-	-	-	476,683	**476,683**
Salaries and Related					
Salaries and wages	7,582	3,024	54,082	9,695	**74,383**
Payroll taxes	658	262	4,692	841	**6,453**
Employee benefits	502	338	5,931	1,024	**7,795**
Total Salaries and Related	8,742	3,624	64,705	11,560	**88,631**
Fundraising event expense	-	-	465	-	**465**
Professional fees	56	32	504	98	**690**
Office rent	646	371	5,780	1,120	**7,917**
Bank fees	-	-	120	-	**120**
Printing and publications	-	-	-	-	**-**
Postage	-	-	-	-	**-**
Paid to affiliates	304	174	2,717	527	**3,722**
Telephone and utilities	173	99	1,546	300	**2,118**
Technology support	251	144	2,248	436	**3,079**
Supplies	-	-	231	-	**231**
Equipment rent and maintenance	96	55	861	167	**1,179**
Insurance	81	46	721	140	**988**
Dues and subscriptions	-	-	-	-	**-**
Conferences and meetings	-	-	231	151	**382**
Depreciation	37	21	332	64	**454**
Travel and mileage reimbursements	67	-	51	13	**131**
Other expense	-	-	-	3	**3**
Total Other Expenses	1,711	942	15,807	3,019	**21,479**
Total Functional Expenses	10,453	4,566	80,512	491,262	**586,793**
Direct Benefit to Donors	-	-	-	-	**-**
FUNCTIONAL EXPENSES, NET OF DIRECT BENEFIT TO DONORS	$ 10,453	$ 4,566	$ 80,512	$ 491,262	**$ 586,793**

See Notes to Financial Statements

Supporting Services			
Management and General	Fund Raising	Total	Totals
$ -	$ -	**$ -**	**$ 95,622**
-	-	**-**	**121,100**
-	-	**-**	**92,652**
-	-	**-**	**110,424**
-	-	**-**	**56,885**
-	-	**-**	**476,683**
65,890	71,800	**137,690**	**212,073**
5,714	6,228	**11,942**	**18,395**
5,127	8,475	**13,602**	**21,397**
76,731	86,503	**163,234**	**251,865**
-	52,218	**52,218**	**52,683**
33,101	744	**33,845**	**34,535**
6,464	8,536	**15,000**	**22,917**
4,500	1,475	**5,975**	**6,095**
721	11,453	**12,174**	**12,174**
1,882	5,963	**7,845**	**7,845**
(2,177)	4,013	**1,836**	**5,558**
1,735	2,283	**4,018**	**6,136**
2,521	4,448	**6,969**	**10,048**
871	-	**871**	**1,102**
966	1,272	**2,238**	**3,417**
808	1,064	**1,872**	**2,860**
2,007	100	**2,107**	**2,107**
641	354	**995**	**1,377**
373	490	**863**	**1,317**
552	7	**559**	**690**
655	-	**655**	**658**
55,620	94,420	**150,040**	**171,519**
132,351	180,923	**313,274**	**900,067**
-	(17,270)	**(17,270)**	**(17,270)**
$ 132,351	$ 163,653	**$ 296,004**	**$ 882,797**

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UNITED WAY OF WASHINGTON COUNTY-EAST, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2024 and 2023

		2024		2023
Cash Flows From Operating Activities				
Change in Net Assets	$	92,710	$	145,413
Adjustments to reconcile change in net assets to net cash from operations:				
Depreciation		1,185		1,317
Changes in Legacy Endowment Fund		(2,108)		(1,340)
Noncash rent expense		(402)		(22)
Provision for uncollectible pledges		(6,176)		2,796
Interest income retained to certificates of deposit		(2,115)		(745)
(Increase) Decrease in:				
Promises to give receivable		45,581		(28,851)
Other current receivable		19,232		(19,701)
Prepaid expenses and other current assets		(1,619)		(1,252)
Increase (Decrease) in:				
Fund distribution payable		8,360		(31,469)
Accounts payable and accrued expenses		20,107		(6,121)
Net Cash Provided By Operating Activities		174,755		60,025
Cash Flows From Investing Activities				
Purchase of certificate of deposit		-		(26,018)
Purchase of fixed assets		(846)		-
Net Cash (Used In) Operating Activities		(846)		(26,018)
Increase in Cash and Cash Equivalents		173,909		34,007
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		514,832		480,825
CASH AND CASH EQUIVALENTS - END OF YEAR	$	688,741	$	514,832

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid for amounts included in the measurement of lease liabilities				
Operating cash flows from operating leases	$	24,423	$	25,934

See Notes to Financial Statements

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1. Organization and Summary of Significant Accounting Policies

Description of Organization

United Way of Washington County-East, Inc. (the Organization) is a nonprofit organization incorporated under the laws of the state of Minnesota, organized to utilize the diverse skills and capabilities of volunteers, serving east-central Washington County (ISD No. 834). The Organization in its present state is the result of a reorganization of the Washington County Community Chest, Inc., in June 1961. The Washington County Community Chest, Inc. was formed in February 1949.

United Way of Washington County- East, Inc.'s *mission is to unite our communities and local resources to give each person the opportunity to build a better life.*

The Organization maintains the following programs:

> Services to members – consists of services to funded agencies, including special mailings, conferences, collaborative assistance, and arrangements for in-kind donations.
>
> Community education – consists of brochures and publications to the community describing agency programs, promotion of collaboration between local government, schools, and not-for-profit social service agencies and development of new community programs and agencies.
>
> Community Building – assesses community assets and needs and identifies appropriate roles for the Organization in addressing them. Community Building also works with community partners in addressing changes or emerging service needs, delivery systems and population groups. The program researches and recommends better and more effective ways of assuring efficient delivery of quality services to people in need of them. Community Building also enhances the capabilities of funded and unfunded agencies to be responsive to local community needs and to effectively manage their organizations. The program serves as a facilitator, convener, and collaborator when necessary in order to meet the needs of the communities that are served.
>
> Fund distribution – consists of assessing community needs and reviewing funded agencies' financial records, programs, and other records to determine distribution of funds from the annual fundraising campaign to best meet community health and social service needs.

1. Organization and Summary of Significant Accounting Policies (Continued)

Change in Accounting Principles

During 2023, the Company adopted FASB Accounting Standards Update (ASU) No 2016-13, ASC 326 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.* This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including accounts receivable. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses.

The Company adopted ASC 326 and all related subsequent amendments thereto effective July 1, 2023 using the modified retrospective approach for all financial assets measured at amortized cost, such as accounts receivable. Results for reporting periods beginning after July 1, 2023 are presented under CECL while prior period amounts continue to be reported in accordance with previously applicable accounting standards ("incurred loss"). The standard did not have a significant impact on the Company's statement of financial position or statement of activities and changes in net assets.

Basis of Accounting and Support and Revenue Recognition

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). All income and expenses are recorded as they are earned or incurred.

Basis of Presentation

Financial statement presentation follows FASB ASC 958. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities, based on the existence or absence of donor imposed restrictions as either:

> *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and unemployment claims.
>
> *Net Assets With Donor Restrictions* – Net assets subject to donor imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

1. Organization and Summary of Significant Accounting Policies (Continued)

Donor-Designated Campaign Contributions

The Organization accounts for donor-designated campaign contributions to member agencies, nonmember agencies and targeted care as part of total campaign contribution revenue and not as an agency transaction in the Statement of Activities. Management believes that including these donor-designated campaign contributions as revenue better reflects total campaign results.

The member agencies are requested to utilize the contributions in areas outlined in the Organization's fund distribution guidelines; however, the member agencies have the final decision-making authority as to the ultimate use of these contributions. These designated campaign contributions are included in fund distribution of campaign support in the Statement of Activities.

Distributions of donor-designated campaign contributions that are unpaid as of year-end are included as part of the fund distribution payable.

Fund Distribution

Fund distribution represents dollars set aside for other not-for-profit agencies. The fund distribution payable represents the allocations that have not been distributed at year-end. Fund distribution of campaign support represents the distribution of funds directly related to the ongoing campaign.

Noncampaign contribution distributions represent the distribution of funds received such as bequests and memorials, which are not a part of the ongoing campaign.

Cash and Cash Equivalents

The Organization considers all demand deposits and investments with an original maturity of three months or less to be cash and cash equivalents.

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interests and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. Investments reported in the Organization's statements of financial position consist of certificates of deposit and the Legacy Endowment Fund.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are carried at their outstanding principal amounts, less an allowance for credit losses, if necessary. All accounts receivable are expected to be collected within one year of the statement of financial position date.

1. Organization and Summary of Significant Accounting Policies (Continued)

Accounts Receivable and Allowance for Credit Losses (Continued)

The allowance for credit losses under the CECL methodology is determined using the loss rate approach and is measured on a collective (pool) basis when similar risk characteristics exist. The loss rate percentages used are based on the history of credit loss expense, the aging of accounts receivable, and the expectation of payments, with adjustments for current economic conditions and forecasts of future economic conditions. Where accounts receivable do not share risk characteristics, they are evaluated on an individual basis. Amounts are deemed past due when they exceed the payment terms agreed to by the customer. Past due amounts are charged off to the allowance for credit losses when reasonable collection efforts have been exhausted and the amounts are deemed uncollectible. Adjustments to the allowance are recorded as “credit loss expense” in other expenses, on the statement of activities and changes in net assets.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period the promise is made and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the condition on which they depend are substantially met. Management expects to collect all promises to give due within one year of the date of the statement of financial position.

The Organization uses the reserve method to record a provision for doubtful promises. The amount of the reserve is based on management’s estimate of uncollectible promises to give based on historical collections and management’s knowledge of its contributors. Promises to give balances that are still outstanding after management has used reasonable collection efforts are written off. The allowance for doubtful promises was $17,148 and $23,324 as of June 30, 2024 and 2023, respectively.

Property and Equipment

The Organization capitalizes acquisitions of equipment at cost or fair value at the date of gift for donations using a capitalization threshold of $500. Depreciation of equipment is computed using the straight-line method over useful lives of three to ten years.

Leases

When, at inception of an agreement, it is concluded an agreement includes a lease component, the Organization records an operating lease or finance lease based on the agreement. In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if they have obtained substantially all of the rights to the underlying asset through exclusivity, if they can direct the use of the asset by making decisions about how and what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Operating leases are included in property and equipment as operating lease right-of-use (ROU) assets and current and long-term operating lease liabilities on the statements of financial position.

1. Organization and Summary of Significant Accounting Policies (Continued)

Leases (Continued)

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The operating lease ROU asset also includes any lease payments made prior to the commencement date and excludes any lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

In determining the discount rate used to measure the right-of-use asset and lease liability, the Organization has elected to use the risk-free rate based on information available at the commencement date for the lease term when determining the present value of lease payments.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Organization elected to apply the short-term lease exemption to one class of underlying assets: storage space. In 2024 and 2023, there was a lease within this class of underlying assets that qualified for the exemption. See Note 5 for information about the short-term lease cost recognized in 2024 and 2023.

Donated Services

Many individuals have contributed a significant amount of time to the activities of the Organization. The Organization does not recognize these contributed services as revenues unless 1) the services received create or enhance existing facilities; or 2) require specialized skills and are provided by individuals possessing those skills. The Organization recognized $2,344 and $6,870 of revenues related to contributed services in its statements of activities for the years ended June 30, 2024 and 2023, respectively.

1. Organization and Summary of Significant Accounting Policies (Continued)

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is nonreciprocal, does not contain a barrier that must be overcome, and there is no right of return of assets transferred or release of a promisor's obligation to transfer assets present.

Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions.

All other contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions.

When a 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 statement of activities as net assets released from restrictions.

Tax Status

The Organization is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. Management has determined that the Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statement or related disclosures.

The Organization's federal information returns are subject to examination by the IRS, generally for three years after they were filed.

Unemployment Insurance

The Organization has elected to self-insure its Minnesota unemployment claims. Amounts incurred, if any, will be recorded as an expense when payable.

Fair Value of Financial Instruments

The carrying amount for substantially all assets and liabilities approximates fair value due to the immediate or short-term maturity of these financial instruments. See Note 8 for discussion of fair value regarding the Organization's certificates of deposit and Legacy Endowment Fund.

1. Organization and Summary of Significant Accounting Policies (Continued)

Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and promises to give. The Organization places its cash and temporary cash investments with high quality financial institutions and limits the amount of credit exposure to any one financial institution. The Organization maintains checking accounts, savings accounts, and certificates of deposit at financial institutions located within the St. Croix Valley Area. At various times throughout the year, cash balances at a specific financial institution may be in excess of the federally insured limit. The Organization had cash balances in excess of the federally insured limit of approximately $261,000 and $57,000 as of June 30, 2024 and 2023, respectively.

Management believes concentrations of credit risk with respect to promises to give are limited due to the nature and dollar amount of the promises. Promises to give consist of various amounts owed from local individuals and corporations. As of June 30, 2024 and 2023, management believed the Organization had no significant concentrations of credit risk related to promises to give.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expenses by function. The allocation of expenses between programs is based on actual expenditures and allocations based on staff time records.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from the estimates.

Prior Year Summarized Information

The financial statements include certain prior year summarized information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Subsequent Events

In preparing these financial statements, management of the Organization has evaluated events and transactions for potential recognition or disclosure through March 4, 2025, the date the financial statements were available to be issued.

2. Liquidity and Availability

The following reflects the Organization's financial assets as of June 30, 2024 and 2023, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual, donor-imposed or board-imposed restrictions. Balances not available include amounts set aside by the board that could be drawn upon with board approval.

	2024	2023
Financial assets, end of year	**$ 907,072**	$ 787,577
Less those unavailable for general expenditures within one year due to:		
Certificates of deposit maturing in more than one year	**(27,439)**	(42,362)
Restricted in perpetuity	**(27,166)**	(25,058)
Restricted by donor for purpose	**(24,403)**	(17,226)
Designated by the board for:		
Operating reserves	**(356,555)**	(276,783)
Unemployment claims	**(30,000)**	(30,000)
Financial assets available to meet cash needs for general expenditures within one year	**$ 441,509**	$ 396,148

In addition, as of June 30, 2024 and 2023, the Organization had allocated $251,733 and $243,373, respectively, to be paid to other nonprofit agencies.

As part of the Organization's liquidity management plan, financial assets are structured to be available as its general expenditures, liabilities and other obligations come due. The Organization's board designated funds may be drawn upon in the event of unemployment claims or an immediate liquidity need.

The Organization has a goal to maintain financial assets, consisting of cash and short-term investments on hand to meet at least 90 days of normal operating expenses, which do not include payments to other nonprofit agencies and are on average approximately $100,000.

3. Designated Reserve

The designated reserve fund was established to be used primarily for emergency and other unanticipated needs. The Board of Directors has designated a portion of the reserve for Minnesota unemployment claims. Disbursements under $1,000 from this reserve can be approved by the Executive Director. Disbursements from this reserve over $1,000 require the Executive Committee or Board of Directors' approval.

4. Net Assets

Net assets with donor restrictions as of June 30, 2024 and 2023 consisted of the following:

	2024	2023
Restricted for programs:		
Youth United Way	$ 5,011	$ 3,601
Women United	12,341	6,574
Kay Clint	7,051	7,051
Endowment funds	27,166	25,058
Total Net Assets with Donor Restrictions	$ 51,569	$ 42,284

Net assets released from restriction for the years ended June 30, 2024 and 2023 consisted of the following:

	2024	2023
Satisfaction of purpose restrictions:		
Youth United Way	$ 2,960	$ 2,647
Women United	-	2,000
Release of endowment restrictions	1,509	1,094
Total Net Assets Released from Restrictions	$ 4,469	$ 5,741

5. Leases

The Organization leased office space in Stillwater, Minnesota at the monthly rate of $1,929 through May 2024. In July 2024, the Organization negotiated a new lease agreement commencing September 1, 2024 and expiring October 31, 2027. The new agreement can be extended twice for thirty-six months each and requires monthly payments of $2,500 through the term of the lease.

The Organization has also entered into an operating lease for office equipment at a monthly rate of $267 through March 2026 and rents storage space on a month-to-month basis.

5. Leases (Continued)

The components of rent expense for the years ended June 30, 2024 and 2023 were as follows:

	2024	2023
Operating lease cost	**$ 24,021**	$ 25,912
Variable lease cost	**3,057**	212
Short-term lease cost	**210**	210
Total Rent Expense	**$ 27,288**	$ 26,334

The weighted average remaining lease term for operating leases as of June 30, 2024 and 2023 was 1.9 years and 1.5 years, respectively. The weighted average discount rate for operating leases as of June 30, 2024 and 2023 was 1.99%.

The future minimum base rental commitments under the operating lease as of June 30, 2024 were as follows:

Year Ending June 30,	
2025	$ 3,204
2026	2,937
Total	6,141
Less: imputed interest	82
Total operating lease liability	$ 6,059

The payments required under the lease agreement commencing in September 2024 have not been included in the calculation of rent expense or future minimum base rental commitments above.

6. Designated Grant Payable

The Organization occasionally enters into written or oral agency agreements with other entities to raise funds for a specific fundraising project or event. The Organization holds these funds until a payment request is received and verified. As such, the funds collected are not the property of the Organization and are therefore included under the caption designated grant payable on the statement of financial position. There were no designated grants payable as of June 30, 2024 or 2023.

7. Retirement Plan

The United Way of Washington County-East, Inc.'s retirement plan is based on employees' calendar year wages and the Organization may in its discretion contribute a portion of eligible employees' wages. Employees are eligible if they have performed services for the Organization in at least one year during the preceding five-year period. Retirement plan expense was $3,782 and $7,175 for the years ended June 30, 2024 and 2023, respectively.

8. Fair Value Measurements

Accounting standards establish a framework for measurement fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data. Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specific (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

8. Fair Value Measurements (Continued)

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024 and 2023.

Certificates of Deposit: Certificates of deposit are valued based on comparisons to certificates of deposit with similar yields and maturities as reported by the Organization's financial institutions.

Legacy Endowment Fund: The Organization's Legacy Endowment Fund is reported at fair value based on the quoted market price of the investments in the fund, as reported by the third-party organization which administers the fund.

The methods described above may produce fair values that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables reflect the Organization's investments within the fair value hierarchy at June 30, 2024 and 2023:

	As of June 30, 2024			
	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Certificates of deposit	$ 97,934	$ -	$ 97,934	$ -
Legacy Endowment Fund	27,166	27,166	-	-
Total	$ 125,100	$ 27,166	$ 97,934	$ -

	As of June 30, 2023			
	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Certificates of deposit	$ 95,819	$ -	$ 95,819	$ -
Legacy Endowment Fund	25,058	25,058	-	-
Total	$ 120,877	$ 25,058	$ 95,819	$ -

9. Funds Held by Others

In March 1999, the Organization was named a beneficiary of an agency endowment fund at the St. Croix Valley Foundation. Pursuant to the terms of the agreement establishing this fund, contributions to the St. Croix Valley Foundation are held as a separate fund designated for the benefit of the United Way of Washington County-East, Inc. In accordance with its spending policy, the St. Croix Valley Foundation makes distributions from the fund to the Organization. The fund is not included in these financial statements, as all contributions are the assets of St. Croix Valley Foundation. The fair value of the fund assets was $115,182 and $106,368 at June 30, 2024 and 2023, respectively. Distributions received from the fund, if any, are unrestricted. The Organization received distributions in the amount of $4,855 and $4,800 from this fund for the years ended June 30, 2024 and 2023, respectively.

In March 2017, the Organization was named a beneficiary of an agency endowment fund at the Saint Paul Foundation. Pursuant to the terms of the agreement establishing this fund, contributions to the Saint Paul Foundation are held as a separate fund designated for the benefit of the United Way of Washington County-East, Inc. In accordance with its spending policy, the Foundation makes distributions from the fund to the Organization. The fund is not included in these financial statements, as all contributions are the assets of the Saint Paul Foundation.

The fair value of the fund assets was $1,314,174 and $1,284,540 as of June 30, 2024 and 2023, respectively. Distributions received from the fund, if any, are without donor restrictions and are included in general operating grants on the Statement of Activities and Changes in Net Assets. The Organization received distributions in the amount of $56,434 and $52,358 from this agency endowment fund for the years ended June 30, 2024 and 2023, respectively.

10. Fundraisers and Events

Net fundraisers and events revenue for the year ended June 30, 2024 was comprised of the following:

Year Ended June 30, 2024				
Fundraisers and events	Revenue	Fundraising expenses	Direct benefit expenses	Net Revenue
Community event	$ 26,630	$ 7,080	$ 3,630	$ 15,920
Fish United	15,219	5,368	4,876	4,975
Jubilee	277,343	45,085	18,302	213,956
	$ 319,192	$ 57,533	$ 26,808	$ 234,851

10. Fundraisers and Events (Continued)

Net fundraisers and events revenue for the year ended June 30, 2023 was comprised of the following:

Year Ended June 30, 2023				
Fundraisers and events	Revenue	Fundraising expenses	Direct benefit expenses	Net Revenue
Community event	$ 23,332	$ 1,749	$ 3,244	$ 18,339
Fish United	12,926	7,076	3,800	2,050
United by the Vine	126,738	26,588	10,226	89,924
	$ 162,996	$ 35,413	$ 17,270	$ 110,313

11. Endowment Fund

At the direction of a donor, the Organization established the Pillars Legacy Society Endowment with an initial investment of $20,000 in June 2015. The assets of this fund are owned by the Organization and are held and administered by a third-party organization. The purpose of the Pillars Legacy Society Endowment Fund is to allow leadership givers the opportunity to continue their philanthropic commitment to the community for future generations. This program allows the donor the security of a managed endowment with a trusted United Way for the purpose of sustaining philanthropy for the continued needs of the community when the donor is no longer present.

The Organization's endowment consists of cash equivalent funds, equity mutual funds, fixed income mutual funds, and equity exchange traded funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

The Organization's Board has interpreted the Minnesota's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

11. Endowment Fund (Continued)

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund,
2. The purposes of the organization and the donor-restricted endowment fund,
3. General economic conditions,
4. The possible effect of inflation and deflation,
5. The expected total return from income and the appreciation of investments,
6. Other resources of the organization,
7. The investment policies of the organization.

The Organization has adopted a balanced investment strategy for the endowment fund. The investments of the endowment fund are rebalanced by the investment manager, at the direction of the finance committee.

It is the policy of the Organization to distribute available earnings for unrestricted spending on normal operations.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a balance for perpetual duration (underwater endowments). Management has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no underwater endowments as of June 30, 2024 and 2023.

The composition of net assets for the endowment fund as of June 30, 2024 and 2023 was as follows:

June 30, 2024	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted	$ -	$ 27,166	$ 27,166

June 30, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted	$ -	$ 25,058	$ 25,058

11. Endowment Fund (Continued)

The changes in endowment net assets for the year ended June 30, 2024 consisted of the following:

Year Ended June 30, 2024	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ -	$ 25,058	$ 25,058
Investment return:			
Investment fees	-	(399)	(399)
Net appreciation - realized and unrealized	-	3,617	3,617
Total investment return	-	3,218	3,218
Other changes:			
Release of restrictions by St. Croix Valley Foundation for spending allocation	-	(1,110)	(1,110)
Endowment net assets, end of year	$ -	$ 27,166	$ 27,166

The changes in endowment net assets for the year ended June 30, 2023 consisted of the following:

Year Ended June 30, 2023	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ -	$ 23,718	$ 23,718
Investment return:			
Investment fees	-	(355)	(355)
Net (depreciation) - realized and unrealized	-	2,789	2,789
Total investment return	-	2,434	2,434
Other changes:			
Release of restrictions by St. Croix Valley Foundation for spending allocation	-	(1,094)	(1,094)
Total other changes	-	(1,094)	(1,094)
Endowment net assets, end of year	$ -	$ 25,058	$ 25,058

12. Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses are allocated on the basis of estimates of time and effort.

13. In-Kind Contributions

The Organization's financial statements include the following in-kind contributions and associated expense:

Fund Distribution of Campaign Support – The Organization receives donated school supplies as part of its Stuff the Bus program. These items are recognized as in-kind contributions at fair value, with a corresponding expense as they are used.

Bank Fees – The Organization's primary bank waives the monthly fees that would be charged against the Organization's bank accounts. These fees would typically be paid directly if not provided as an in-kind contribution. The fair value of these fees is provided by the bank, who estimates the fair value based on its typical monthly fee structure.

Accounting, audit and legal fees – The Organization receives donated accounting, auditing and legal fees that would typically be paid directly if not provided as an in-kind contribution. These services, which require specialized skills, are recognized as in-kind contributions at fair value when the pledge is made and are expensed when the services are rendered. The estimated fair value of these professional services is provided by the service provider, who estimates the fair value based on the date, time, and market in which each service is rendered.

13. In-Kind Contributions (Continued)

Technology Support – The Organization receives donated technology support services that would typically be paid directly if not provided as an in-kind contribution. These services, which require specialized skills, are recognized as in-kind contributions at fair value when the pledge is made and are expensed when the services are rendered. The estimated fair value of these professional services is provided by the service provider, who estimates the fair value based on the date, time, and market in which each service is rendered. The Organization also receives donated technology support supplies, which are recognized as in-kind contributions at fair value, with a corresponding expense as they are used.

The Organization did not monetize any contributed nonfinancial assets and contributed non-financial assets did not have donor restrictions during the years ended June 30, 2024 and 2023.

In-kind contributions included in the statement of activities for the years ended June 30, 2024 and 2023 consisted of the following:

	2024	2023
Fund Distribution of Campaign Support		
Program services	**$ 2,233**	$ 44,809
Bank Fees		
Management and general	**1,291**	1,311
Accounting, auditing and legal fees		
Management and general	**-**	2,000
Technology Support		
Management and general	**111**	4,870
Total In-kind Contributions and Related Expenses	**$ 3,635**	$ 52,990