UNITED WAY OF CENTRAL MINNESOTA, INC.

AUDITED FINANCIAL STATEMENTS

JUNE 30, 2020

SCHLENNER WENNER & CO.
Certified Public Accountants
& Business Consultants

UNITED WAY OF CENTRAL MINNESOTA, INC.
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OUR MISSION

United Way
of Central Minnesota

To improve people's lives by mobilizing the caring power of Central Minnesota.

Who We Are

OUR FOCUS

- Access to Food
- Quality Out of School Time
- Financial Stability
- Early Learning/ Early Literacy
- Homelessness

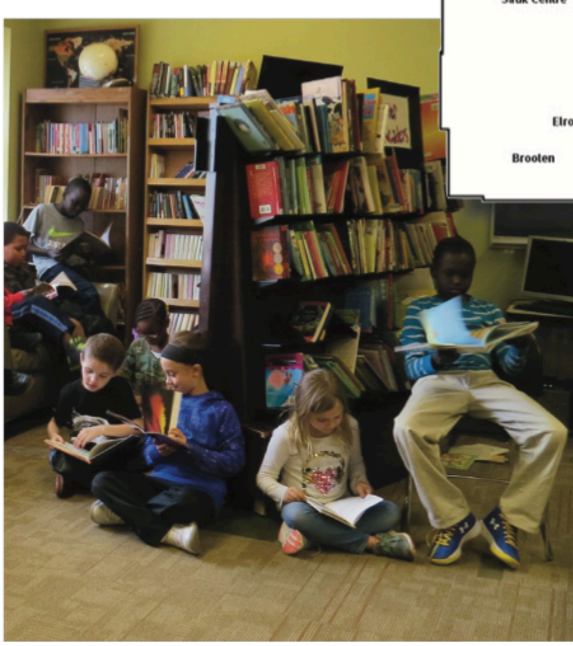
OUR FIGHT

Join the FIGHT - learn more at unitedwayhelps.org

OUR POSITION

United Way of Central Minnesota connects resources to accelerate community wide solutions.

YOUNITED we fight to create positive change.



Give. Advocate. Volunteer. **LIVE UNITED**

unitedwayhelps.org · 320.252.0227

2019-2021 United Way Investments

Homelessness
- Youth House – Catholic Charities
- Hope Community Support – Catholic Charities
- Supportive Housing for Youth (SHY) – Catholic Charities
- Domus Transitional Housing – Catholic Charities
- St. Cloud Area Crisis Nursery – Lutheran Social Services
- Church of the Week – Place of Hope Ministries
- Emergency Shelter – Anna Marie's Alliance
- Emergency Shelter – The Salvation Army
- Legal Services – Mid-Minnesota Legal Aid
- Rivercrest – Center City Housing
- Housing Build – Central Minnesota Habitat for Humanity

Access to Food
- Club Meal Program & Healthy Habits – Boys & Girls Clubs of Central Minnesota
- CROSS Center Food Shelf – CROSS Center of Benton County
- Simply Good Cooking/Cooking Matters – Reach-Up Head Start
- Emergency Services Food Shelf – Catholic Charities
- Senior Dining Meals on Wheels – Catholic Charities
- Food Pantry – The Salvation Army
- Home Delivered Meals – St. Cloud Hospital
- Food Distribution & Delivery - Retired Senior & Volunteer Program (RSVP)/ City of St. Cloud
- Community Meal Program – Helping Hands Outreach
- Supplemental Nutrition Assistance Program (SNAP) – Tri-CAP
- Summer Food Service – The Yes Network
- Community Garden Leaders – Central Minnesota Sustainability Project
- Anna Marie's Shelter – Anna Marie's Alliance

Financial Stability
- CareerONE – Career Solutions
- Child Care Liaison – Milestones
- Emergency Services Financial Assistance Program – Catholic Charities
- Financial and Housing Counseling – Catholic Charities
- Emergency Shelter – Anna Marie's Alliance
- Legal Services – Mid-Minnesota Legal Aid
- Money Matters – Boys & Girls Clubs of Central Minnesota
- Providing Real Opportunities for Financial Independence & Training
- (PROFIT) – Independent Lifestyles
- Self Sufficiency Program – Tri-CAP
- Third Age University – Whitney Senior Center/City of St. Cloud
- Senior LinkAge Line – Central MN Council on Aging
- Employment Services & Career Education – Avivo
- Home Owner Education – Central Minnesota Habitat for Humanity

Early Learning/Early Literacy
- Family & Caregiver Support– The Arc Minnesota
- Central MN Foster Grandparent Program – Catholic Charities
- Strengthening Families Parenting Project – 9 School District Collaborative/District #47
- Early Childhood Mental Health Services – The Village Family Service Center
- Educational Enrichment – Retired and Senior Volunteer Program (RSVP)/City of St. Cloud
- Greater St. Cloud Area Thrive - Milestones
- Kindergarten Transition Services – Reach-Up Head Start
- Latino Parent Child Group/La Fuerza de Los Padres – ROCORI School District
- MN Reading Corps in St. Cloud – ServeMinnesota
- Project Learn– Boys & Girls Clubs of Central Minnesota
- Early Literacy Project – Milestones
- Young Learners Program – Catholic Charities

Quality Out of School Time
- ARISE (A Recreational Inclusion Support Endeavor) – St. Cloud Area School District #742 Community Education
- Leadership Pathway Scholarships - Girl Scouts of MN & WI Lakes & Pines
- Girls Scouts in ACTION – Girl Scouts of MN & WI Lakes & Pines
- Youth Services – Central MN Sexual Assault Center
- Youth Development Scholarships – St. Cloud Area Family YMCA
- Academic Support and Mentoring Program – Community Grassroots Solutions
- School Youth Program & Life Choices – Anna Marie's Alliance
- KIDSTOP & Club Scholarships – Boys & Girls Clubs of Central Minnesota
- Support & Advocacy for Independent Living (SAIL) – Catholic Charities
- Scoutreach – Central MN Council - Boy Scouts of America
- Community Led Solutions – Promise Neighborhood of Central Minnesota
- Youth Mentoring – Big Brothers Big Sisters of Central Minnesota
- Mentoring & Life Skills Development – Central MN Youth for Christ
- After School Enhancement – Retired Senior & Volunteer Program (RSVP)/City of St. Cloud
- CareerONE – Career Solutions

United Way of Central Minnesota

SO EVERY STUDENT CAN **SUCCEED** IN SCHOOL

UNITED 21ST CENTURY COMMUNITY LEARNING CENTERS

UNITED 21CCLC is a partnership between multiple school districts, afterschool centers and program providers that brings afterschool enrichment, academic support and social-emotional learning opportunities to K-8 youth in St. Cloud Area School District 742 and the Sauk Rapids-Rice Public Schools. Launched in 2019, UNITED 21CCLC is coordinated by United Way of Central Minnesota and is comprised of nearly two dozen community partners who share resources, best practices and a commitment to young people's success.

UNITED 21CCLC centers include Boys & Girls Clubs at Eastside, Southside and Roosevelt, Promise Neighborhood, Blooming Kids Child Care Center, as well as Discovery, Lincoln and Pleasantview KIDSTOP locations. Community partners include Anna Marie's Alliance, Big Brothers Big Sisters of Central Minnesota, Boy Scouts of America – Central MN Council, CareerOne, CentraCare Health, Central Minnesota Youth for Christ, Girls On Arise To Succeed, GREAT Theatre, Great River Regional Library, herARTS in Action, LION Community Enrichment Programs, St. Cloud State University, Too Much Talent and YES Network.

FOR MORE INFORMATION:
CSOLBERG@UNITEDWAYHELPS.ORG

United Way
United Way of Central Minnesota

WWW.UNITEDWAYHELPS.ORG

United Way of Central Minnesota

United Way of Central Minnesota

COVID RELIEF *Fund*

Just two days after the shutdown of Minnesota public schools, United Way of Central Minnesota had already mobilized to support our communities.

Immediately, the COVID Relief Fund was created and UWCM contributed $25,000 to kickstart the community fundraising effort.

Total funds raised:

$230,000 +

$17,500

Technology for telehealth support for domestic violence and sexual assault victims

$22,000

Home delivered meals to isolated seniors

$11,000

Support to families navigating distance learning

$5,000

Support to homeless youth

$30,000

Childcare support for Tier 1 emergency & health care workers

INDEPENDENT AUDITORS' REPORT

December 8, 2020

Board of Directors
United Way of Central Minnesota, Inc.
St. Cloud, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Central Minnesota, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2020, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Central Minnesota, Inc. as of June 30, 2020, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

St. Cloud 320.251.0286
Little Falls 320.632.6311
Albany 320.845.2940
Maple Lake 320.963.5414
Monticello 763.295.5070

Emphasis of Matter

As discussed in Note A to the financial Statements, effective July 1, 2019, the Organization adopted new accounting guidance Financial Accounting Standards Board ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 956).* Our opinion is not modified with respect to this matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The management discussion and analysis is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Report on Summarized Comparative Information

We have previously audited United Way of Central Minnesota, Inc.'s June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 15, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Schlenner Wenner & Co.

SCHLENNER WENNER & CO.
St. Cloud, Minnesota

UNITED WAY OF CENTRAL MINNESOTA, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2019

ASSETS

	2020	2019
CURRENT ASSETS		
Cash and Cash Equivalents	$ 882,730	$ 744,512
Pledges Receivable, Net of Allowance for Doubtful Pledges	1,053,300	1,175,550
Other Pledges Receivable	15,000	105,000
Grants Receivable	237,538	110,015
Other Receivables	1,106	12,500
Prepaid Expenses	55,884	38,781
TOTAL CURRENT ASSETS	2,245,558	2,186,358
LONG-TERM ASSETS		
Investments	2,188,415	2,117,064
Other Pledges Receivable	-	14,423
Property and Equipment, Net of Accumulated Depreciation	866,987	892,337
TOTAL LONG-TERM ASSETS	3,055,402	3,023,824
TOTAL ASSETS	$ 5,300,960	$ 5,210,182

LIABILITIES AND NET ASSETS

	2020	2019
CURRENT LIABILITIES		
Accounts Payable	$ 128,695	$ 95,101
Fiscal Agent Liabilities	5,368	68,173
Accrued Salary Expenses	83,473	41,556
Due to Designated Agencies	181,822	95,453
Accrued Interest	700	798
Deferred Revenue	176,217	135,522
Current Maturities of Long-Term Debt	33,606	32,411
TOTAL CURRENT LIABILITIES	609,881	469,014
LONG-TERM DEBT, LESS CURRENT MATURITIES	375,095	241,301
TOTAL LIABILITIES	984,976	710,315
NET ASSETS		
Without Donor Restrictions:		
Board Desingated Reserves	1,986,060	1,970,268
Undesignated	849,954	873,977
Total Without Donor Restrictions	2,836,014	2,844,245
With Donor Restrictions	1,479,970	1,655,622
TOTAL NET ASSETS	4,315,984	4,499,867
TOTAL LIABILITIES AND NET ASSETS	$ 5,300,960	$ 5,210,182

See accompanying notes.

UNITED WAY OF CENTRAL MINNESOTA, INC.
STATEMENT OF ACTIVITES
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Without Donor Restriction	With Donor Restrictions	Totals (Memorandum Only)	
PUBLIC SUPPORT AND REVENUES				
Gross Workplace Giving Contributions	$ -	$ 2,575,173	$ 2,575,173	$ 2,786,380
Less: Designations to Other Agencies	-	(174,989)	(174,989)	(168,560)
Less: Provision for Uncollectible	-	(102,673)	(102,673)	(107,407)
Net Workplace Giving Contributions	-	2,297,511	2,297,511	2,510,413
Government Grants	-	595,335	595,335	4,418
Private Grants	-	282,176	282,176	65,432
Service Fees	34,325	-	34,325	35,700
Program Contributions	-	553,816	553,816	613,264
Lease Revenue	5,775	-	5,775	10,800
In-Kind Revenue	15,476	-	15,476	25,337
Net Investment Income (Expense)	51,962	-	51,962	70,334
Unrealized Gain (Loss)	18,211	-	18,211	40,576
Net Assets Released from Restrictions	3,904,490	(3,904,490)	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	4,030,239	(175,652)	3,854,587	3,376,274
EXPENSES				
Program Services	3,201,963	-	3,201,963	2,609,643
Supporting Services:				
Administrative	213,072	-	213,072	234,243
Fundraising	623,435	-	623,435	536,326
TOTAL EXPENSES	4,038,470	-	4,038,470	3,380,212
CHANGE IN NET ASSETS	(8,231)	(175,652)	(183,883)	(3,938)
NET ASSETS - Beginning of Year	2,844,245	1,655,622	4,499,867	4,503,805
NET ASSETS - End of Year	$ 2,836,014	$ 1,479,970	$ 4,315,984	$ 4,499,867

See accompanying notes.

UNITED WAY OF CENTRAL MINNESOTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019

	2020							
	Program Services					Supporting Services		
	Imagination Library	Neighborhood Resource Centers	Community Impact	Volunteer Connection, 2-1-1, and Other Program Services	Total	Administration	Fundraising	Total
FUNCTIONAL EXPENSES								
Funds Distributed	$ -	$ 15	$ 1,864,936	$ 187,420	$ 2,052,371	$ -	$ -	$ 2,052,371
Less: Donor Designations	-	-	(174,989)	-	(174,989)	-	-	(174,989)
SUBTOTAL	-	15	1,689,947	187,420	1,877,382	-	-	1,877,382
Wages and Benefits	2,225	66,944	191,118	260,668	520,955	134,821	394,811	1,050,587
Payroll Taxes	613	4,628	10,963	17,601	33,805	8,413	25,557	67,775
SUBTOTAL	2,838	71,572	202,081	278,269	554,760	143,234	420,368	1,118,362
Contract Services	-	2,625	45,958	350,234	398,817	17,491	11,634	427,942
Training and Development	-	266	3,435	2,102	5,803	3,007	2,690	11,500
Meetings and Events	28	639	1,093	9,714	11,474	3,137	9,860	24,471
Public Awareness and Media	-	-	30,232	350	30,582	7,938	94,399	132,919
Dues and Subscriptions	-	-	18,485	3,870	22,355	4,742	17,228	44,325
Awards and Recognition	-	-	980	1,167	2,147	534	4,583	7,264
Transportation	60	559	818	1,757	3,194	80	1,573	4,847
Occupancy Expense	-	443	32,585	60,011	93,039	8,770	31,573	133,382
In-Kind Expense	-	6,490	796	3,160	10,446	212	4,818	15,476
Office Supplies	1,735	99	2,740	690	5,264	2,532	4,238	12,034
Books and Materials	162,772	-	-	-	162,772	-	-	162,772
Bank and Other Fees	-	-	452	-	452	15,131	420	16,003
Insurance	-	-	3,600	-	3,600	960	3,075	7,635
Depreciation	-	-	15,578	-	15,578	4,157	13,305	33,040
Interest Expense	-	-	4,298	-	4,298	1,147	3,671	9,116
SUBTOTAL	164,595	11,121	161,050	433,055	769,821	69,838	203,067	1,042,726
TOTAL FUNCTIONAL EXPENSES	$ 167,433	$ 82,708	$ 2,053,078	$ 898,744	$ 3,201,963	$ 213,072	$ 623,435	$ 4,038,470

UNITED WAY OF CENTRAL MINNESOTA, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019

	2019							
	Program Services					Supporting Services		
	Imagination Library	Neighborhood Resource Centers	Community Impact	Volunteer Connection, 2-1-1, and Other Program Services	Total	Administration	Fundraising	Total
FUNCTIONAL EXPENSES								
Funds Distributed	$ -	$ 6,974	$ 1,999,522	$ -	$ 2,006,496	$ -	$ -	$ 2,006,496
Less: Donor Designations	-	-	(168,560)	-	(168,560)	-	-	(168,560)
SUBTOTAL	-	6,974	1,830,962	-	1,837,936	-	-	1,837,936
Wages and Benefits	4,056	111,928	186,857	41,935	344,776	146,693	316,799	808,268
Payroll Taxes	285	7,991	11,080	2,772	22,128	7,999	22,184	52,311
SUBTOTAL	4,341	119,919	197,937	44,707	366,904	154,692	338,983	860,579
Contract Services	-	44,729	41,149	24,525	110,403	23,413	30,131	163,947
Training and Development	-	33	5,393	1,064	6,490	2,675	7,560	16,725
Meetings and Events	3,910	3,483	2,159	9,547	19,099	4,160	31,956	55,215
Printing	258	-	5,410	6,617	12,285	1,431	20,229	33,945
Public Awareness and Media	-	-	-	-	-	681	4,499	5,180
Dues and Subscriptions	-	-	14,583	370	14,953	6,770	20,437	42,160
Awards and Recognition	-	-	1,366	50	1,416	453	1,429	3,298
Transportation	7	1,386	1,625	703	3,721	305	3,313	7,339
Occupancy Expense	-	1,604	26,706	1,972	30,282	13,060	36,461	79,803
In-Kind Expense	-	-	9,045	1,947	10,992	850	13,495	25,337
Office Supplies	3,751	729	1,474	320	6,274	2,575	4,464	13,313
Books and Materials	169,777	-	-	-	169,777	-	-	169,777
Bank and Other Fees	-	300	-	15	315	14,542	-	14,857
Insurance	-	-	2,909	-	2,909	1,337	3,617	7,863
Depreciation	-	-	12,103	-	12,103	5,560	15,047	32,710
Interest Expense	-	-	3,784	-	3,784	1,739	4,705	10,228
SUBTOTAL	177,703	52,264	127,706	47,130	404,803	79,551	197,343	681,697
TOTAL FUNCTIONAL EXPENSES	$ 182,044	$ 179,157	$ 2,156,605	$ 91,837	$ 2,609,643	$ 234,243	$ 536,326	$ 3,380,212

UNITED WAY OF CENTRAL MINNESOTA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019

	2020	2019
CASH FLOWS - OPERATING ACTIVITIES		
Cash Received from Public Support	$ 4,000,673	$ 3,444,955
Net Investment Income	62,780	24,921
Lease Revenue	5,775	10,800
Cash Paid to Agencies, Suppliers and Employees	(4,007,269)	(3,289,431)
Net Cash Flows - Operating Activities	61,959	191,245
CASH FLOWS - INVESTING ACTIVITIES		
Sale of Securities	819,701	722,793
Purchase of Securities	(870,741)	(748,111)
Purchase of Property and Equipment	(7,690)	(13,528)
Net Cash Flows - Investing Activities	(58,730)	(38,846)
CASH FLOWS - FINANCING ACTIVITIES		
Issuance of Long-Term Debt	167,400	-
Payments on Long-Term Debt	(32,411)	(31,307)
Net Cash Flows - Financing Activities	134,989	(31,307)
NET CHANGE IN CASH AND CASH EQUIVALENTS	138,218	121,092
CASH AND CASH EQUIVALENTS - Beginning of Year	744,512	623,420
CASH AND CASH EQUIVALENTS - End of Year	$ 882,730	$ 744,512
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:		
Disposal of Fully Depreciated Fixed Assets	$ 44,249	$ -
In-Kind Donations	$ 15,476	$ 25,337
Interest Paid	$ 9,214	$ 10,320

NOTE A SUMMARY OF NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

This summary of the nature of operations and significant accounting policies of United Way of Central Minnesota, Inc. (the Organization) is presented to assist in understanding the Organization's financial statements.

Nature of Operations

United Way of Central Minnesota, Inc. is a 501(c)(3) charitable organization incorporated in 1967 under the laws of the State of Minnesota and governed by a volunteer Board of Directors.

The mission of the Organization is to improve people’s lives by mobilizing the caring power of Central Minnesota. The Organization works to accomplish this mission by bringing people and resources together to develop lasting solutions to critical community issues. Community donors provide resources by investing dollars, volunteering time, and advocating for the Organization and its mission. The Organization has chosen to focus and accelerate community wide solutions in three main community impact areas: Health, Education and Financial Stability. Within each of these impact areas, there are primary goals. Health addresses Mental Health and Addiction. Education addresses Kindergarten Readiness, Student Success, and Career and College Readiness. Financial Stability addresses Housing and Child Care. United Way of Central Minnesota also provides the Community Safety Net, ensuring access to food and emergency shelter with each year’s first dollars raised. Safety Net programs are evaluated and selected by a team of experienced volunteers familiar with the agencies and community needs. Program investments in the three impact areas are reviewed by teams of community volunteers after a Letter of Intent and full Request for Proposal are accepted by the organization. The investment team of community volunteers reviews the applications and makes funding recommendations to the board of directors. In 2019, this included new investments in Education through United Way’s flagship initiative, Partner For Student Success, as well as adjustments to previous program investments due to COVID-19-related budgeting decisions. In addition to funding external agencies, the Organization supports programs that fulfill the mission. These programs include Imagination Library; an early literacy program that provides free age appropriate books to children in our service area from birth to age five, United Way 2-1-1; a 24 hours help line that provides free and confidential information and referrals for community resources, and 21st Century Community Learning Centers – where students and families access a wide variety of academic and enrichment programs through innovative community partnerships at 10 sites where Community Resource Navigators are employed to help families find employment, access to affordable childcare, utilize emergency basic needs services, negotiate legal issues, resolve outstanding medical bills, and register for insurance. The Organization also manages the Volunteer Action Center where individuals and groups are connected to volunteer opportunities within Central Minnesota. Across the organization, United Way is committed to furthering equitable outcomes in all areas of the community and increasing equal access to services, education, resources, and employment for the sustainability of a healthy community.

Basis of Accounting

The financial statements of United Way of Central Minnesota, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Revenues are recorded when earned, and expenses are recorded when incurred.

Estimates

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

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2019, from which the summarized information was derived.

NOTE A SUMMARY OF NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations
The Organization maintains its cash and cash equivalents at several separate financial institutions, which, at times, may exceed federally insured limits. At June 30, 2020 and 2019, the Organization's uninsured cash balances total $477,089 and $314,062, respectively. The Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant custodial risk on cash.

Pledges Receivable and Allowance for Doubtful Pledges
Pledges Receivable consist primarily of Workplace Giving pledges received. Pledges receivable are carried at fair value and are recorded as revenue when pledged. An allowance for doubtful pledges is provided for amounts estimated to be uncollectible from the Workplace Giving contributions. The allowance is based on prior years' collection experience and management's analysis of current economic conditions and specific pledges made. Pledges receivable are written off when deemed uncollectible. Recoveries of pledges previously written off are recorded as unrestricted revenue when received.

Grants Receivable
Grants receivable are carried at fair value, are considered fully collectible, and are due within one year. No allowance for uncollectible amounts is considered necessary at year end.

Prepaid Expenses
Prepaid expenses consist of items paid for during the current year which will be expensed in future periods.

Investments
Investments consist of marketable securities. The Organization's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note D for discussion of fair value measurements. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Property and Equipment
Property and equipment are carried at historical cost. Major additions and betterments in excess of $1,000 are charged to the property accounts while replacements, maintenance, and repairs that do not improve or extend the life of the respective assets are expensed in the current period.

Depreciation
Depreciation is computed using the straight-line method for financial reporting purposes. Depreciation of property and equipment is based on useful lives ranging between three and forty years.

Deferred Revenue
Deferred revenue consists of grants deemed to be exchange transactions and sponsorships where the Organization has not fulfilled its obligation. Deferred revenue obligations will be fulfilled within one year.

Net Assets
Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor, or certain grantor, restrictions. The governing board has designated, from net assets without donor restrictions, net assets for property and equipment, operating reserves, future capital asset purchases and improvements, and community impact reserves. See Note N for discussion of Board Designated Net Assets.

NOTE A SUMMARY OF NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)
Net Assets With Donor Restrictions – Net assets subject to donor, or certain grantor, imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by 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. Gifts of long-lived assets and cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. See Note O for discussion of Net Assets With Donor Restrictions

The Organization reports contributions restricted by donors as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Overall Revenue Recognition
The Organization recognizes revenue in accordance with ASU Topic 958, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides guidance in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions.

Revenue recognition for all contributions and grants as of July 1, 2019 were transitioned to ASU 958 using the modified retrospective transition method. Adoption of ASU 958 did not have a material effect on the Organization's financial statements.

Revenue Recognition of Contributions and Grants
Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Conditional promises to give are not recognized until they become unconditional. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the assets, or if they are designated as support for future periods. 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 statement of activities as net assets released from restrictions. Donor-imposed contributions are reported as net assets with donor restrictions, even if it is anticipated such restrictions will be met in the current reporting period.

Pledge Processing
The Organization allows donors to designate all or a portion of their gifts to eligible 501(c)(3) or other charitable organizations. These transactions are reported in the Statement of Activities as part of the current year Workplace Giving contributions and are then deducted as amounts designated to other organizations to arrive at net Workplace Giving contributions. Amounts so deducted are carried as liabilities until collected from donors and paid to the designated charitable organizations.

Designation Fees and Standard M Compliance
Designations to other charitable organizations are charged a handling fee to cover the cost of fundraising and administration of these gifts. Fees charged by the Organization follow Standard M, issued by United Way Worldwide in 2004 to ensure uniformity of designation processing across the entire United Way system. Standard M requires that designations paid to other charitable organizations are charged no more than the actual cost incurred to process and transfer gifts and that no additional processing fees will be charged against designations received from other United Ways. This fee has been set at 15% for most cases as per board of Directors approval, and do not exceed actual costs incurred.

NOTE A SUMMARY OF NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Contributions

The Organization recognizes contributed goods and services as revenue and expense if such services meet the criteria for recognition in accordance with generally accepted accounting principles. In-kind items, consisting primarily of equipment, supplies, food and beverages, advertising, HR consultation, and video production services are recorded at fair value at the time of donation. In-kind capital items, revenues and expenses total $15,476 and $25,337 for the years ended June 30, 2020 and 2019, respectively.

The Organization also receives a significant amount of donated services from unpaid volunteers who assist with Workplace Giving solicitations, administrative duties, and various committee assignments. No amounts have been recognized in the statement of activities because the criteria for recognition under FASB ASC Topic 958, *Not-for-Profit Entities* have not been satisfied.

Functional Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly to that program according to their natural expenditure classification. Other expenses that are common to several functions are allocated based on time study results of full time equivalent employees as determined by management.

Advertising

The Organization expenses advertising costs as they are incurred. Such expense amounts to $132,919 and $33,945 for the years ended June 30, 2020 and 2019, respectively.

Fundraising Expense

The Organization expenses fundraising costs as they are incurred.

Income Taxes

The Organization follows FASB ASC Topic 740, *Uncertainty in Income Taxes*. The Organization is recognized by the Internal Revenue Service as a not-for profit organization under IRS Code Section 501(c)(3). Due to the not-for-profit nature and provision of the Organization, all income and expenses attributable to the mission of the Organization are tax exempt and accordingly no provisions or liability for income taxes have been made in the financial statement and contributions to the Organization are tax deductible to donors as allowed by IRS regulations. However, the Organization is required to pay state and federal income taxes on unrelated business income. If the Organization were to engage in any activities that resulted in unrelated business income, a tax would be assessed on that activity. The Organization is open and subject to examination generally for three years after the filing date.

The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the IRS Code and qualifies for tax deductible contributions as provided in Section 170(b)(1)(A)(vi). Contributions to the Organization are tax deductible to donors as allowed by IRS regulations.

Change in Accounting Principle

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*, which clarifies what a contribution is and how it should be accounted for. The updated standard replaced the previous standard regarding how to account for a transfer of assets as an exchange transaction or a contribution. ASU 2018-08 became effective on July 1, 2019.

NOTE B LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	June 30, 2020	June 30, 2019
Cash and Cash Equivalents	$ 882,730	$ 744,512
Pledges Receivable, Net of Allowance	1,053,300	1,175,550
Other Pledges Receivable	15,000	105,000
Grants Receivable	237,538	110,015
Other Receivables	1,106	12,500
Investments that can be converted to cash	2,188,415	2,117,064
Total Financial Assets	4,378,089	4,264,641
Less: Fiscal Agent Cash and Cash Equivalents	5,368	68,173
Less: Designations Payable	181,822	95,453
Less: Net Assets with Board Designations	1,986,060	1,970,268
Less: Net Assets with Donor Restrictions in Excess of One Year	370,392	480,072
	$ 1,834,447	$ 1,650,675

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of requirements in short-term and long-term investments. To help manage unanticipated liquidity needs, the Organization has Net Assets with Board Designations that, while the Organization does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary. At June 30, 2020 and 2019, such designations total $1,986,060 and $1,970,268, respectively. Net Assets with Donor Restrictions in Excess of One Year have been reduced by amounts restricted by time for the subsequent year’s allocations which total $1,109,578 and $1,175,550 at June 30, 2020 and 2019, respectively.

NOTE C CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of the following:

	2020	2019
Checking and Savings	$ 715,110	$ 562,725
US Treasury Bill or Money Market Accounts	167,620	181,787
Total Cash and Cash Equivalents	$ 882,730	$ 744,512

NOTE D FAIR VALUE MEASUREMENTS

Fair Value Measurements and Disclosures topic, establishes a framework for measuring 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 measurement) and the lowest priority to unobservable inputs (level 3 measurement). 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.

NOTE D FAIR VALUE MEASUREMENTS (Continued)

Level 2 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 specified (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 or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant of the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019:

U.S. Government Securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Fixed Income Securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Equities: Valued at the closing price reported on the active market on which the individual securities are traded.

Endowment Funds: Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation 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.

Level 1 Investments:

	June 30,	
	2020	2019
U.S. Government Securities	$ 563,822	$ 635,304
Fixed Income Securities	708,806	573,279
Equities	553,994	539,069
Endowment Funds	361,793	369,412
Total Long Term Investments	$ 2,188,415	$ 2,117,064

NOTE E UNRESTRICTED INVESTMENTS

Investments with a maturity date of one year or more are classified as long-term investments. The following investments are held at June 30, 2020 and 2019:

	Interest Rate	Maturity Date	2020	2019
US Treasury or US Backed Securities	Various	Various	$ 1,826,622	$ 1,747,652

Investment fees total $12,918 and $10,269 for the fiscal years ended June 30, 2020 and 2019, respectively.

NOTE F RESTRICTED INVESTMENTS

Imagination Library Fund – With Donor Restrictions
In 2010, a multi-year campaign celebrating the 5th Birthday of the Imagination Library Program was initiated to accumulate funds for the continuance of the program. Funds pledged during this campaign were to be utilized to fund current and future operations of the program with the amounts split equally between current and future funding. As pledges were received the amounts set aside for future funding needs were recorded in an Imagination Library Fund account and held within the operating fund account of the Organization. At both years ended June 30, 2020 and 2019, the Imagination Library Fund totals $21,526.

Bertha Lazer Fund – With Donor Restrictions
Over time, the Organization has received funds from the Bertha Lazer Trust to be used for senior meal delivery programs. The Organization transferred the funds to the Central Minnesota Community Foundation and established the United Way/Bertha Lazer Fund. At June 30, 2020, the investment mix of the fund is approximately 78.9% equities, 19.0% fixed rate and 2.1% cash. The fund investments are valued at market for financial statement purposes.

The fund activity is as follows:

	2020	2019
Balance at July 1	$ 288,558	$ 288,183
Investment Income	6,737	6,840
Unrealized Gains	(3,610)	507
Realized Gains	2,858	5,484
Management Fees	(2,786)	(2,711)
Withdrawals for Program Use	(10,256)	(9,745)
Balance at June 30	$ 281,501	$ 288,558

Management fees have been netted against investment revenues in the accompanying Statement of Activities.

Operating Endowment Funds – With Donor Restrictions
The Organization has established operating endowment funds to accumulate capital to fund operating expenses from the annual earnings. Contributions are maintained in cash and cash equivalents and in an operating endowment fund established for that purpose at the Central Minnesota Community Foundation. Operating endowment funds at June 30, 2020 and 2019 consist of:

	2020	2019
Long-Term Investments	$ 80,292	$ 80,854

NOTE F RESTRICTED INVESTMENTS (Continued)

The endowment fund activity is as follows:

	2020	2019
Balance at July 1	$ 80,854	$ 78,140
Investment Income	1,945	1,862
Unrealized Gains (Losses)	(1,105)	118
Realized Gains	832	1,489
Contributions	1,000	2,350
Grants Given	(2,450)	(2,349)
Management Fees and Other Expenses	(784)	(756)
Balance at June 30	$ 80,292	$ 80,854

Reconciliation of Investments to Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the original amounts contributed to the Operating Endowment as noted on the prior page. These investments are carried at their fair market value in the asset section of the Statement of Financial Position. Following is a reconciliation of the investment balances to the net assets with donor restrictions:

	2020 Operating Fund	2019 Operating Fund
Fair Market Value of Investments	$ 80,292	$ 80,854
Less: Cumulative Earnings	(27,927)	(30,289)
Net Assets With Donor Restrictions	$ 52,365	$ 50,565

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the Minnesota 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 classifies the endowment as net assets with donor restriction (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. The remaining portion of the donor-restricted endowment fund is also classified as with donor restrictions until those amounts are appropriate for expenditure by the Organization.

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

NOTE F RESTRICTED INVESTMENTS (Continued)

Return Objectives and Risk Parameters

The Organization has transferred these funds to Central Minnesota Community Foundation (the Foundation) who determines the investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under this agreement, as approved by the Board of Directors, the endowment assets are invested and monitored closely in a manner that is directed by the Foundation under their prudent investment policy. Actual returns in any given year may vary

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on the discretion of the Foundation as noted above to achieve a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow annually. This is consistent with the Organization 's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE G PLEDGES RECEIVABLE AND ALLOWANCE FOR DOUBTFUL PLEDGES

Pledges receivable include all total balance due based on timing of each pledge for future, current, and prior year. Pledges not collected by the end of the second fiscal year are charged against the allowance set aside for the pledge year. Pledges receivable and the related allowances for doubtful pledges are listed below:

	2020	2019
Pledges Receivable, Future Year	$ -	$ 2,900
Pledges Receivable, Current Year	1,156,550	1,273,173
Less: Allowance for Doubtful Pledges	(103,250)	(112,000)
Pledges Receivable, Prior Year, Net of Allowance for Doubtful Pledges	-	11,477
Net Pledges Receivable	$ 1,053,300	$ 1,175,550

NOTE H OTHER PLEDGES RECEIVABLE

Future-year pledges receivable include campaigns for the building and multi-year campaigns. Future-year pledges are recorded as current or long-term assets, depending on the estimated collection date and are included in contribution revenue in the year received. The long-term pledges are recorded at net present value using a discount rate of 4%. Other pledges receivable at June 30, 2020 and 2019, consist of:

	2020	2019
Receivable in Less Than One Year	$ 15,000	$ 105,000
Receivable in One to Five Years	-	15,000
Total: Other Pledges Receivable	15,000	120,000
Less: Discounts to Net Present Value	-	(577)
Net: Other Pledges Receivable	$ 15,000	$ 119,423

NOTE I PROPERTY AND EQUIPMENT

At June 30, 2020 and 2019, property and equipment consist of the following:

	2020	2019
Property and Equipment	$ 1,065,406	$ 1,101,965
Less: Accumulated Depreciation	(198,419)	(209,628)
Net Property and Equipment	$ 866,987	$ 892,337

NOTE J LONG-TERM DEBT

In April 2020, the Organization's received $167,400 from the U.S. Small Business Administration (SBA) through the Paycheck Protection Program (PPP). The SBA loan is through a local bank. The note matures in April 2022. Interest rate is fixed at 1.00%. Commencing the "Deferral End Date", which is defined as the first day after the SBA remits the amount of loan forgiveness to Bank or otherwise renders a determination on Borrower's Application in accordance with PPP Program Rules, monthly principal and interest payments through maturity; however, provided the Subsidiary retains existing employees at or near current salary levels, the note will be forgiven to the extent that proceeds are used in an twenty-four-week-period following loan origination for the following:

- Payroll costs;
- Interest payments made on any mortgage incurred prior to February 15, 2020;
- Payment of any lease in force prior to February 15, 2020; and
- Payment on any utility for service before February 15, 2020.

With respect to the items above, no more than 25% of the loan forgiveness may be attributed to non-payroll costs. The amount forgiven will be reduced by a formula that takes into consideration any reduction of workforce wages.

The Organization also has outstanding debt at June 30, 2020. At June 30, 2020 and 2019, long-term debt consists of the following:

	June 30,	
	2020	2019
Note Payable - Bremer Bank; Maturity date December 2026; Interest at 3.50%; Monthly payments of $3,469 include principal and interest. Collateral pledged is a Bremer Wealth Management Investment Account with a carrying value of $1,875,011.	$ 241,301	$ 273,712
Loan Payable - Bremer Bank; Payroll Protection Program (PPP); issued April 2020.	167,400	-
	408,701	273,712
Less: Current Maturities of Long-Term Debt	33,606	32,411
Long-Term Debt, Less Current Maturities	$ 375,095	$ 241,301

NOTE J LONG-TERM DEBT (Continued)

At June 30, 2020, estimated future payment obligations for all debt are as follows:

June 30,	Amount
2021	$ 33,606
2022	202,218
2023	36,073
2024	37,364
2025	38,722
Thereafter	60,718
Total	$ 408,701

The note payable due to Bremer Bank contains cash flow covenants which must be met to maintain the loan in good standing. At June 30, 2019, the Organization was in compliance with such covenants. At June 30, 2020, the Organization was not in compliance with such covenants. The Organization received a covenant waiver for the year ended June 30, 2020 which relieves them of their obligation to pay the remainder of debt in the next current year.

NOTE K FISCAL AGENT LIABILITIES

The Organization acts as the fiscal agent for Partner For Student Success (PFSS); a community-wide initiative to help children in the community thrive, for St. Cloud Area Human Service Council (HSC); a program that connects key players to create positive community change, and for Feeding Area Children Together (FACT); an agency dedicated to reducing childhood hunger in central Minnesota. As of July 1, 2019, the Organization was no longer the fiscal agent for PFSS due to PFSS merging with United Way of Central Minnesota, Inc. to become the Organization's Education Initiative. As of June 30, 2019, the Organization is no longer a fiscal agent for FACT. The related activity for these programs during the years ended June 30, 2020 and 2019 are as follows:

Partner for Student Success

	2020	2019
Cash, Beginning of Year	$ 62,713	$ 40,995
Receipts	-	155,772
Disbursements	(62,713)	(134,054)
Cash, End of Year	$ -	$ 62,713

St. Cloud Human Service Council

	2020	2019
Cash, Beginning of Year	$ 5,460	$ 4,924
Receipts	3,100	3,870
Disbursements	(3,192)	(3,334)
Cash, End of Year	$ 5,368	$ 5,460

Feeding Area Children Together

	2020	2019
Cash, Beginning of Year	$ -	$ (1,008)
Receipts	-	7,576
Disbursements	-	(6,568)
Cash, End of Year	$ -	$ -

NOTE K FISCAL AGENT LIABILITIES (Continued)

The above activities are not included in the Organization's Statement of Activities and as such are recorded through cash and an offsetting liability.

NOTE L COMPENSATED ABSENCES

The Organization employees earn paid time off based on length of service. Employees are compensated for 75% of unused paid time off upon termination. The estimated accumulated paid time off at June 30, 2020 and 2019 totals $38,368 and $ 10,586, respectively.

NOTE M OPERATING LEASES – AS LESSOR

The Organization leases office space under a lease classified as an operating lease at a monthly rate of $550 through December 31, 2020. Total rental income on such leases for the fiscal years ended June 30, 2020 and 2019 amounts to and, respectively.

At June 30, 2020, minimum future receipts under operating leases are as follows:

Year Ended June 30,	Amount
2021	$ 3,300

NOTE N BOARD DESIGNATED NET ASSETS

In October of 2018, the Organization's Board of Directors approved the designation of the following net assets without donor restrictions with the purpose of balancing the following objectives:

1. Maintain adequate liquidity to ensure the ability to withstand short-term interruption of revenue,
2. Maintain adequate capital reserves to enable as needed repairs, upgrades, and replacement to facilities and equipment,
3. Respond to urgent community needs within the mission of the Organization, and
4. Maintain long-term Organizational viability.

In doing so, the policy designates reserve for the areas of Property and Equipment, Operations, Building and Capital Improvements, and Community Impact. The balance of net assets without donor restrictions, less the above noted reserves, is undesignated. Annually, the Board of Directors will designate reserves within the classifications as defined below.

The Property and Equipment Reserve shall be recorded at the net book value of property and equipment, net of long-term debt.

The Operating Reserve shall be maintained to fund operational expenses, including allocations and program services, for a period of not less than four months.

The Building and Capital Improvements Reserve shall be maintained for the purpose of funding capital improvements to sustain property value, a quality work environment, safety standards, etc. The reserves shall be recorded to reflect the anticipated capital expenditure needs for a period of not less than five years, as stated on the annually approved Capital Expenditures Budget.

The Community Impact Reserve shall be maintained for the purpose of funding community initiatives that further the mission of the Organization; improving the lives of people in Central Minnesota. The reserves will empower staff to move forward on new key initiatives, responding to urgent needs, and capitalizing on momentum behind good work.

NOTE N BOARD DESIGNATED NET ASSETS (Continued)

Reserves designated by board policy for the following purposes for the fiscal years ended June 30, 2020 and 2019 are as follows:

	2020	2019
Property and Equipment	$ 625,686	$ 618,625
Operating Reserves	1,220,124	1,206,300
Building and Capital Improvements	90,250	95,343
Community Impact	50,000	50,000
Total Board Designated Net Assets	$ 1,986,060	$ 1,970,268

NOTE O NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes for the fiscal years ended June 30, 2020 and 2019:

	2020	2019
Pledges Receivable	$ 1,053,300	$ 1,175,550
Multi Year Pledges	15,000	119,423
Bertha Lazer Fund	281,501	288,558
Imagination Library Fund	21,526	21,526
Pre-School Bus Program Fund	9,500	-
COVID Relief Fund	46,778	-
Operating Endowment	52,365	50,565
Balance at June 30	$ 1,479,970	$ 1,655,622

NOTE P NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the purposes or by occurrence of other events specified by donors as follows for the years ended June 30, 2020 and 2019:

	2020	2019
Satisfaction of Time and Purpose Restrictions	$ 3,904,490	$ 3,397,365

NOTE Q COMMITMENTS

Operating Leases

The Organization has network server equipment under an operating lease. Monthly payments on the server equipment total $503. The server equipment lease expires in August 2021. Operating lease payments total $6,037 and $5,534 for the years ended June 30, 2020 and 2019, respectively.

The Organization also has an operating lease for managed IT services that expires in November 2022. Monthly payments for the managed IT services total $2,061. Operating lease payments total $22,730 and $19,392 for the years ended June 30, 2020 and 2019, respectively.

The Organization has copier equipment under an operating lease that expires August 2021. Monthly payments on the copier equipment total $719. Operating lease payments total $8,631 and $8,662 for the years ended June 30, 2020 and 2019, respectively.

NOTE Q COMMITMENTS (Continued)

At June 30, 2020, estimated future minimum lease obligations are as follows:

June 30,	Amount
2021	$ 39,400
2022	25,941
2023	9,275
Total	$ 74,616

NOTE R PENSION PLAN

Regular full-time and part-time employees are eligible to participate in a 401(k) plan. Employees are able to make personal contributions to the plan on the first of the month following 30 days of employment. The Organization matches 100% of eligible employee contributions up to 4% of wages beginning the first of the month following one year of employment. Employees are fully vested in their contributions immediately and in the employer's matching contributions after three years of employment. The Organization's matching contributions total $19,314 and $12,218 for the fiscal years ended June 30, 2020 and 2019, respectively.

NOTE S SUBSEQUENT EVENTS

In accordance with FASB ASC Topic 855, *Subsequent Events*, the Organization has evaluated subsequent events through December 8, 2020, which is the date of these financial statements were available to be issued, and have determined the following subsequent events that require recognition or disclosure.

On November 2, 2020, the Organization has entered into a contract for marketing services for the fiscal year ended June 30, 2021 totaling $112,170.

NOTE T RISKS AND UNCERTAINTIES

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Organization, the Organization may experience declining support and revenue.

NOTE U RECENT ACCOUNTING PRONOUNCEMENTS

Revenue Recognition
In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606),* requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. In May 2020, the FASB voted to defer the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2019. The Organization has not yet selected a transition method and is currently evaluating the effect the standard will have on the financial statements.

NOTE U RECENT ACCOUNTING PRONOUNCEMENTS (Continued)

Leases
In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently evaluating the impact of the pending adoption of the new standard on the financial statements.