# UNITED WAY OF SOUTHEAST MINNESOTA

## FINANCIAL STATEMENTS
## WITH INDEPENDENT AUDITORS' REPORT

## MARCH 31, 2026 AND 2025

**UNITED WAY OF SOUTHEAST MINNESOTA**
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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management of
United Way of Southeast Minnesota
Rochester, Minnesota

### *Opinion*

We have audited the financial statements of United Way of Southeast Minnesota,(a nonprofit organization) (the "Organization") which comprise the statements of financial position as of March 31, 2026 and 2025, and the related statements of activities, functional expenses and cash flows for the years 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 the Organization as of March 31, 2026 and 2025, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 these 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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

### *Auditors' Responsibility 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 the Organization'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 the Organization'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.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on pages 21 to 22 is presented for additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Hawkins Ash CPAs, LLP

Rochester, Minnesota
June 18, 2026

**UNITED WAY OF SOUTHEAST MINNESOTA**
STATEMENTS OF FINANCIAL POSITION

| | MARCH 31, 2026 | MARCH 31, 2025 |
|---|---|---|
| ASSETS | | |
| Cash and cash equivalents | $ 413,609 | $ 840,204 |
| Investments | 1,316,589 | 1,201,608 |
| Accounts receivable | 252 | 3,368 |
| Grants receivable | 111,882 | 134,936 |
| Unconditional promises to give, net | 1,209,965 | 1,229,131 |
| Prepaid expenses | 45,247 | 47,449 |
| Property and equipment, net | 439,228 | 461,384 |
| **TOTAL ASSETS** | **$ 3,536,772** | **$ 3,918,080** |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | 77,524 | 96,547 |
| Community programs distributions payable | 201,471 | 218,432 |
| Donor designations payable | 252,379 | 309,459 |
| Due to other nonprofits | - | 35,196 |
| TOTAL LIABILITIES | 531,374 | 659,634 |
| NET ASSETS | | |
| Without donor restrictions | | |
| Undesignated | $ 160,318 | $ 341,109 |
| Designated - operating reserve | 450,000 | 450,000 |
| Designated - future building and grounds needs | 136,911 | 136,911 |
| Designated - future grants | - | 35,000 |
| Designated - resource development | 260,000 | 260,000 |
| Invested in property and equipment, net of related debt | 439,228 | 461,384 |
| Total without donor restrictions | $ 1,446,457 | $ 1,684,404 |
| With donor restrictions | 1,558,941 | 1,574,042 |
| TOTAL NET ASSETS | 3,005,398 | 3,258,446 |
| **TOTAL LIABILITIES AND NET ASSETS** | **$ 3,536,772** | **$ 3,918,080** |

The accompanying notes are an integral part of these statements.

**UNITED WAY OF SOUTHEAST MINNESOTA**

STATEMENTS OF ACTIVITIES

| | YEAR ENDED MARCH 31, | | |
|---|---|---|---|
| | 2026 | | |
| | WITHOUT DONOR RESTRICITONS | WITH DONOR RESTRICTIONS | TOTAL |
| PUBLIC SUPPORT AND OTHER REVENUE | | | |
| Current campaign to date | 27,505 | $ 1,867,656 | $ 1,895,161 |
| Prior campaign | 522,630 | - | 522,630 |
| Less: Donor designations | - | (241,359) | (241,359) |
| Less: Estimated uncollectible promises to give | - | (67,356) | (67,356) |
| Net campaign contributions | 550,135 | 1,558,941 | 2,109,076 |
| Uncollected unconditional promises to give adjustment | 10,480 | - | 10,480 |
| Grant income | 737,972 | - | 737,972 |
| In-kind contributions | 36,038 | - | 36,038 |
| Special events | 286 | - | 286 |
| Net investment income (loss) | 93,913 | - | 93,913 |
| Other income | 3,310 | - | 3,310 |
| Endowment distribution | 25,000 | - | 25,000 |
| Building rental income (loss), net | (44,616) | - | (44,616) |
| Net assets restored to restrictions | 1,574,042 | (1,574,042) | - |
| TOTAL PUBLIC SUPPORT AND OTHER REVENUE | 2,986,560 | (15,101) | 2,971,459 |
| EXPENSES | | | |
| Program Services | | | |
| Advocacy, grant making, and result tracking | 1,369,242 | - | 1,369,242 |
| Internal community initiatives | 822,129 | - | 822,129 |
| Total program services | 2,191,371 | - | 2,191,371 |
| Supporting Services | | | |
| Management and general | 485,058 | - | 485,058 |
| Fundraising | 548,078 | - | 548,078 |
| Total supporting services | 1,033,136 | - | 1,033,136 |
| TOTAL EXPENSES | 3,224,507 | - | 3,224,507 |
| CHANGE IN NET ASSETS | (237,947) | (15,101) | (253,048) |
| NET ASSETS AT BEGINNING YEAR | 1,684,404 | 1,574,042 | 3,258,446 |
| **NET ASSETS AT END OF YEAR** | **$ 1,446,457** | **$ 1,558,941** | **$ 3,005,398** |

The accompanying notes are an integral part of these statements.

**UNITED WAY OF SOUTHEAST MINNESOTA**
STATEMENTS OF ACTIVITIES

| | YEAR ENDED MARCH 31, 2025 | | |
|---|---|---|---|
| | WITHOUT DONOR RESTRICITONS | WITH DONOR RESTRICTIONS | TOTAL |
| PUBLIC SUPPORT AND OTHER REVENUE | | | |
| Current campaign to date | $ - | $ 1,936,283 | $ 1,936,283 |
| Prior campaign | 267,347 | - | 267,347 |
| Less: Donor designations | (1,271) | (289,629) | (290,900) |
| Less: Estimated uncollectible promises to give | - | (72,611) | (72,611) |
| Net campaign contributions | 266,076 | 1,574,043 | 1,840,119 |
| Uncollected unconditional promises to give adjustment | 39,668 | - | 39,668 |
| Grant income | 678,682 | - | 678,682 |
| Other contributions | 82,424 | - | 82,424 |
| In-kind contributions | 35,439 | - | 35,439 |
| Special events | 126,306 | - | 126,306 |
| Net investment income (loss) | 70,324 | - | 70,324 |
| Other income | 4,588 | - | 4,588 |
| Endowment distribution | 24,700 | - | 24,700 |
| Building rental income (loss), net | 7,684 | - | 7,684 |
| Net assets restored to restrictions | 1,922,033 | (1,922,033) | - |
| TOTAL PUBLIC SUPPORT AND OTHER REVENUE | 3,257,924 | (347,990) | 2,909,934 |
| EXPENSES | | | |
| Program Services | | | |
| Advocacy, grant making, and result tracking | 1,510,500 | - | 1,510,500 |
| Internal community initiatives | 787,262 | - | 787,262 |
| Total program services | 2,297,762 | - | 2,297,762 |
| Supporting Services | | | |
| Management and general | 403,087 | - | 403,087 |
| Fundraising | 532,887 | - | 532,887 |
| Total supporting services | 935,974 | - | 935,974 |
| TOTAL EXPENSES | 3,233,736 | - | 3,233,736 |
| CHANGE IN NET ASSETS | 24,188 | (347,990) | (323,802) |
| NET ASSETS AT BEGINNING YEAR | 1,660,216 | 1,922,032 | 3,582,248 |
| **NET ASSETS AT END OF YEAR** | **$ 1,684,404** | **$ 1,574,042** | **$ 3,258,446** |

The accompanying notes are an integral part of these statements.

**UNITED WAY OF SOUTHEAST MINNESOTA**
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2026

| | PROGRAM SERVICES | | | SUPPORTING SERVICES | | |
|---|---|---|---|---|---|---|
| | ADVOCACY, GRANT MAKING AND RESULT TRACKING | INTERNAL COMMUNITY INITIATIVES | TOTAL | MANAGEMENT AND GENERAL | FUNDRAISING | TOTAL |
| Impact grants and awards | $ 938,040 | $ - | $ 938,040 | $ - | $ - | $ 938,040 |
| Salaries and wages | 277,749 | 444,966 | 722,715 | 227,508 | 290,046 | 1,240,269 |
| Employee benefits | 56,703 | 83,882 | 140,585 | 32,477 | 62,803 | 235,865 |
| Payroll taxes | 23,569 | 37,906 | 61,475 | 16,432 | 24,469 | 102,376 |
| Program expense | 5,875 | 199,530 | 205,405 | - | - | 205,405 |
| Fees for professional services | - | 8 | 8 | 144,881 | 70,055 | 214,944 |
| Advertising | 2,777 | 5,662 | 8,439 | - | 31,116 | 39,555 |
| Donor relationship management | 1,885 | 3,393 | 5,278 | 91 | 9,959 | 15,328 |
| Supplies | 944 | 2,156 | 3,100 | 3,771 | 9,599 | 16,470 |
| Technology | 8,497 | 12,605 | 21,102 | 19,838 | 21,958 | 62,898 |
| Occupancy | 9,697 | 19,706 | 29,403 | 13,474 | 10,798 | 53,675 |
| Equipment rental | 2,364 | 2,374 | 4,738 | 442 | 342 | 5,522 |
| Conferences, conventions, and training | 3,530 | 52 | 3,582 | 3,611 | 1,714 | 8,907 |
| Meetings and food | 4,112 | 3,162 | 7,274 | 1,438 | 1,860 | 10,572 |
| Travel | 4,344 | 3,455 | 7,799 | 1,973 | 1,427 | 11,199 |
| Insurance | 907 | 1,769 | 2,676 | 10,116 | 1,019 | 13,811 |
| Special events | - | - | - | - | - | - |
| Building expenses | | - | - | 161,025 | | 161,025 |
| Membership dues and subscriptions | 24,107 | - | 24,107 | 7,454 | 9,092 | 40,653 |
| Miscellaneous | 4,142 | 1,503 | 5,645 | 1,552 | 1,821 | 9,018 |
| Total | 1,369,242 | 822,129 | 2,191,371 | 646,083 | 548,078 | 3,385,532 |
| Expenses included with revenue on the Statement of activities | | | | | | |
| Building expenses | - | - | - | (161,025) | - | (161,025) |
| Total expenses | $ 1,369,242 | $ 822,129 | $ 2,191,371 | $ 485,058 | $ 548,078 | $ 3,224,507 |

The accompanying notes are an integral part of these statements.

**UNITED WAY OF SOUTHEAST MINNESOTA**
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2025

| | PROGRAM SERVICES | | | SUPPORTING SERVICES | | |
|---|---|---|---|---|---|---|
| | ADVOCACY, GRANT MAKING AND RESULT TRACKING | INTERNAL COMMUNITY INITIATIVES | TOTAL | MANAGEMENT AND GENERAL | FUNDRAISING | TOTAL |
| Impact grants and awards | $ 1,006,229 | $ - | $ 1,006,229 | $ - | $ - | $ 1,006,229 |
| Salaries and wages | 327,922 | 421,620 | 749,542 | 215,171 | 286,397 | 1,251,110 |
| Employee benefits | 72,636 | 67,908 | 140,544 | 47,430 | 61,366 | 249,340 |
| Payroll taxes | 24,930 | 32,960 | 57,890 | 16,251 | 21,517 | 95,658 |
| Program expense | 3,000 | 187,460 | 190,460 | - | - | 190,460 |
| Fees for professional services | 2,633 | - | 2,633 | 73,458 | 21,131 | 97,222 |
| Advertising | 13,922 | 19,259 | 33,181 | 383 | 22,923 | 56,487 |
| Donor relationship management | 1,961 | 480 | 2,441 | 106 | 8,276 | 10,823 |
| Supplies | 977 | 3,114 | 4,091 | 4,368 | 7,480 | 15,939 |
| Technology | 10,847 | 14,761 | 25,608 | 20,044 | 29,528 | 75,180 |
| Occupancy | 8,849 | 19,414 | 28,263 | 5,741 | 8,384 | 42,388 |
| Equipment rental | 1,903 | 2,576 | 4,479 | 510 | 492 | 5,481 |
| Conferences, conventions, and training | 3,626 | 4,317 | 7,943 | 654 | 1,221 | 9,818 |
| Meetings and food | 2,624 | 6,390 | 9,014 | 592 | 1,773 | 11,379 |
| Travel | - | 1,858 | 1,858 | 829 | - | 2,687 |
| Insurance | 1,044 | 1,712 | 2,756 | 10,325 | 974 | 14,055 |
| Special events | - | - | - | - | 50,991 | 50,991 |
| Building expenses | | - | - | 127,165 | | 127,165 |
| Membership dues and subscriptions | 23,062 | - | 23,062 | 5,424 | 7,934 | 36,420 |
| Miscellaneous | 4,335 | 3,433 | 7,768 | 1,801 | 2,500 | 12,069 |
| Total | 1,510,500 | 787,262 | 2,297,762 | 530,252 | 532,887 | 3,360,901 |
| Expenses included with revenue on the Statement of activities | | | | | | |
| Building expenses | - | - | - | (127,165) | - | (127,165) |
| Total expenses | $ 1,510,500 | $ 787,262 | $ 2,297,762 | $ 403,087 | $ 532,887 | $ 3,233,736 |

The accompanying notes are an integral part of these statements.

**UNITED WAY OF SOUTHEAST MINNESOTA**
STATEMENTS OF CASH FLOWS

| | YEAR ENDED MARCH 31, | |
|---|---|---|
| | 2026 | 2025 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | $ (253,048) | $ (323,802) |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities | | |
| Depreciation | 57,133 | 44,064 |
| Uncollected unconditional promises to give adjustment | 25,340 | 11,697 |
| Pledge discount | 4,684 | - |
| Realized and unrealized (gain) loss on investments | (57,257) | (27,592) |
| Change in assets and liabilities: | | |
| Decrease (increase) in current assets | | |
| Accounts receivable | 3,116 | 3,004 |
| Grants receivable | 23,054 | (20,815) |
| Unconditional promises to give | (10,858) | 53,415 |
| Prepaid expenses | 2,202 | (15,379) |
| (Decrease) increase in current liabilities | | |
| Accounts payable and accrued liabilities | (19,023) | 27,644 |
| Community programs distributions payable | (16,961) | (31,552) |
| Donor designations payable | (57,080) | (18,322) |
| Due to other nonprofits | (35,196) | 34,279 |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | (333,894) | (263,359) |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchases of fixed assets | (34,979) | - |
| Proceeds from sale of investments | 634,475 | 1,018,671 |
| Purchases of investments | (692,197) | (620,108) |
| NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES | (92,701) | 398,563 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (426,595) | 135,204 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 840,204 | 705,000 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | **$ 413,609** | **$ 840,204** |

The accompanying notes are an integral part of these statements.

## NOTE 1 - Nature of Organization and Significant Accounting Policies

**Nature of Organization -** The United Way of Southeast Minnesota, (“the Organization”) is a 501(c)(3) nonprofit organization organized under the laws of the state of Minnesota. It is a community building organization, founded in 1925, governed by a volunteer board of directors, with a mission of "United people and resources to improve lives in our community," to advance the common good in the areas of education, health, and financial stability.

Working together with organizations and individuals throughout Dodge, Fillmore, Olmsted, and Winona Counties, the Organization is changing and improving lives not only in the moment of need but for the long-term. The majority of revenues come from the annual campaign. The campaign raises both restricted and unrestricted funds. The unrestricted funds are awarded to local projects and organizations by local volunteers who serve on funding review teams of the Organization and are approved by the board of directors.

*Advocacy, Grant Making, and Result Tracking* - This program service category includes convening the community to address key issues, assess community needs, provide outcome measurement training to various entities in the community, provide program assessment, review and selection of programs, administer grants, provide financial and stewardship oversight of grant recipients, provide capacity building for agencies, advocate for causes, and participate in community partnerships to advance common goals.

*Internal Community Initiatives* - This program service category includes focus on several internal initiatives, managed by Organization staff and/or contracted to outside vendors, to further our work and create measurable impact on our community.

**Basis of Accounting -** The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all receivables, payables and other liabilities.

**Basis of Presentation -** The accompanying financial statements are prepared in accordance with the accounting principles generally accepted in the United States of America (U.S. GAAP) as codified by the Financial Accounting Standards Board.

The Organization is required to report information regarding its net assets and its activities 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 restrictions.
>
> *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. 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.

## NOTE 1 - Nature of Organization and Significant Accounting Policies - Continued

**Change in Accounting Principle -** At the beginning of 2025, the Organization adopted FASB ASU 2025-05 *Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses for Accounts Receivable and Contract Assets*. This ASU provides a practical expedient and an accounting policy election when estimating expected credit losses for current accounts receivable and contract asset balances arising from transactions accounted for under Topic 606. When the practical expedient is elected, an entity assumes that current conditions as of the statement of financial position date do not change for the remaining life of the asset when developing reasonable and supportable forecasts as part of estimating expected credit losses. The accounting policy election, available only to entities other than public business entities which elect the practical expedient, permits an entity to consider collection activity after the balance sheet date when estimating expected credit losses. Management has determined that this standard is preferable as it reduces the time and effort necessary to develop expected credit losses and will provide users with more useful information about the Organization's collection activity. The amendments related to the ASU have been applied prospectively to estimates of expected credit losses on current accounts receivable balances arising from transactions accounted for under Topic 606 performed after the effective date.

**Cash and Cash Equivalents -** The Organization's cash and cash equivalents consists of cash on deposit with banks. For purposes of the statements of cash flows, the Organization considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents. However, the Organization does not consider cash, money market accounts, or certificates of deposits included as investments to be cash equivalents for the statements of cash flows. The Organization does not have any cash equivalents as of March 31, 2026 and 2025.

**Investments -** Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position. Certificates of deposits are carried at cost, which approximates fair value.

The aggregate of (a) the unrealized appreciation (depreciation) in the fair value of investments during the year (b) the realized gains (losses) on sales of investments during the year (c) dividend income (d) interest income, and (e) investment fees are reflected in investment return on the statements of activities.

Purchases and sales of securities are recorded on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Dividends are recorded on the ex-dividend date.

## NOTE 1 - Nature of Organization and Significant Accounting Policies - Continued

**Accounts Receivable -** Receivables are stated at the amount management expects to collect from outstanding balances. The Organization uses historical loss information based on the aging of receivables as the basis to determine expected credit losses for receivables and believes that the composition of trade receivables at year-end is consistent with historical conditions as credit terms and practices and the customer base has not changed significantly. The Organization has elected the practical expedient to assume that current conditions as of the statement of financial position date do not change for the remaining life of the asset. Additionally, the Organization has made the accounting policy election to consider subsequent collection activity and has recorded no allowance for credit loss for asset balances collected through June 18, 2026. Based on management's assessment, the Organization provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Organization has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management believes all receivables are collectible, accordingly, no allowance has been recorded.

**Grants Receivable -** The Organization receives grants that are on a reimbursement basis. Grants receivable include claims made on the grant for the current year spending. Management believes the balance in grants receivable is fully collectible as of March 31, 2026 and 2025.

**Promises to Give -** Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a nominal interest rate applicable to the year in which the promise is received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Management provides for uncollectible amounts through a provision for uncollectible pledge expense from outstanding balances and an adjustment to a valuation allowance based on its assessment of the current status of individual pledges. Changes in the valuation allowance have not been material to the financial statements.

**Property and Equipment -** All acquisitions of property and equipment in excess of $1,500 with useful lives greater than one year are capitalized. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed on the straight-line method based on the following estimated useful lives:

| Asset | Life |
|---|---|
| Buildings and improvements | 2 - 39.5 years |
| Furniture and equipment | 2 - 10 years |
| Technology | 2 - 5 years |

**Valuation of Long-lived Assets -** U.S. GAAP requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management reviews all material assets annually for possible impairment. If such assets are considered to be impaired, the impairment recognized is measured as the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. No assets are considered to be impaired at March 31, 2026 and 2025.

**Community Program Distributions Payable -** Specific commitments to fund Community Programs on a monthly basis through a specific future date are recorded as community program distributions payable.

## NOTE 1 - Nature of Organization and Significant Accounting Policies - Continued

**Due to Other Nonprofits -** The Organization records amounts collected, but not yet remitted, for other United Way organizations and nonprofits as a liability in the statements of financial position.

**Revenue Recognition -** The Organization records the following exchange transaction revenue in its statement of activities and changes in net assets:

*Special Event Revenue:* The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event - exchange component, and a portion represents a contribution to the Organization. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at the special events is measured at the actual cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The performance obligation is the delivery of the event. The event fee is set by the Organization. The Organization combines in the statements of activities the exchange and contribution components of the gross proceeds from special events. Special event fees/sponsorships collected by the Organization in advance of its delivery are initially recognized as liabilities (deferred revenue) and recognized as special event revenue after delivery of the event. For special events fees received before year-end for an event to occur after year end, the Organization follows AICPA guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as a refundable advance along with the exchange component.

**Contribution Recognition -** Contributions are recognized when received or unconditionally pledged. Conditional contributions and promises to give, are recognized as revenue when the barriers to entitlement are overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets is removed. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported 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 statements of activities as net assets released from restrictions.

**Grant Recognition -** Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award:

Grant awards that are contributions - Grants awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Grant awards that are exchange transactions - Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

## NOTE 1 - Nature of Organization and Significant Accounting Policies - Continued

**In-Kind Contributions -** The Organization records the value of donated goods when there is an objective basis to measure the value. Donated goods are reflected as in-kind contributions in the accompanying statements of activities.

Donated services are recognized as contributions if the services a) create or enhance nonfinancial assets or b) require specialized skills that are performed by people with those skills and would otherwise be purchased by the Organization. Such amounts, which are based upon information provided by third-party services providers, are recorded at their estimated fair value determined on the date of contribution.

A substantial number of volunteers have made significant contributions of their time to the Organization's program and supporting services. The value of this contributed time is not reflected in these financial statements because the criteria for recognition have not been satisfied.

**Functional Allocation of Expenses -** The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. These expenses include salaries, indirect personnel costs, and other indirect expenses which are allocated based on employee time records.

**Advertising Costs -** Advertising costs are expensed as incurred.

**Designation Processing and Membership Requirement M Compliance -** Designations to other charitable organizations are charged a handling fee to cover the cost of fundraising and administration of these gifts.

The Organization follows costs deduction standards for membership requirement M. issued by United Way Worldwide to ensure uniformity of designation processing across the entire United Way system. This standard 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 the United Ways. Handling fees do not exceed the established maximum of a three-year average of fundraising and management and general cost as a percentage of total revenue taken from the three most recent Internal Revenue Service forms 990. The United Way Board of Directors reviews the handling fee on an annual basis.

**Use of Estimates -** Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**Tax Status -** The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction and has been classified as an organization other than a private foundation. The Organization is also exempt from State taxation.

## NOTE 1 - Nature of Organization and Significant Accounting Policies - Continued

**Accounting for Uncertainty in Income Taxes -** U.S. GAAP requires management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by a taxing authority. Management has analyzed the tax positions taken by the Organization and has concluded that as of March 31, 2026 and 2025, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions, however, there are currently no audits in progress for any tax period. The Organization will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred.

**Reclassifications -** Certain accounts in the prior year financial statements have been reclassified for comparative purpose to conform to the presentation of the current year's financial statements.

**Subsequent Events -** The Organization evaluated subsequent events through June 18, 2026, the date which the financial statements were available to be issued.

## NOTE 2 - Concentration of Cash and Credit Risk

The Organization may have deposits with a financial institution at times during the year that exceed the Federal Deposit Insurance Corporation (FDIC) insurance threshold of $250,000. The Organization's deposits may at times exceed the FDIC insurance threshold. The Organization has not experienced any losses with the accounts, and the management believes the Organization is not exposed to significant credit risk on cash for the years ended March 31, 2026 and 2025.

## NOTE 3 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of March 31:

| | 2026 | 2025 |
|---|---|---|
| Cash and cash equivalents | $ 413,609 | $ 840,204 |
| Investments | 1,316,589 | 1,201,608 |
| Accounts receivable | 252 | 3,368 |
| Grants receivable | 111,882 | 134,936 |
| Unconditional promises to give in less than one year | 1,138,474 | 1,229,131 |
| Total financial assets available within one year | 2,980,806 | 3,409,247 |
| Less amounts not available for general expenditure within one year: | | |
| Net assets with donor restrictions | (1,487,450) | (1,574,042) |
| Board designated net assets | (846,911) | (881,911) |
| Total financial assets available to management for general expenditure within one year | $ 646,445 | $ 953,294 |

*Liquidity Management*

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

## NOTE 4 - Property and Equipment

A summary of property and equipment is as follows as of March 31:

| | 2026 | 2025 |
|---|---|---|
| Land | 77,525 | 77,525 |
| Buildings and improvements | $ 1,845,530 | $ 1,810,552 |
| Furniture and equipment | 85,541 | 85,541 |
| Technology | 60,592 | 60,592 |
| | 1,991,663 | 1,956,685 |
| Less: accumulated depreciation | (1,629,960) | (1,572,826) |
| **NET PROPERTY AND EQUIPMENT** | **$ 439,228** | **$ 461,384** |

## NOTE 5 - Investments

The following is a summary of investments as of March 31:

| | 2026 | 2025 |
|---|---|---|
| Cash and cash equivalents | $ 85,749 | $ 8,025 |
| Equity funds | 461,734 | 409,379 |
| Fixed income funds | 688,601 | 703,389 |
| Other investments | 80,505 | 80,815 |
| **TOTAL INVESTMENTS** | **$ 1,316,589** | **$ 1,201,608** |

## NOTE 6 - Fair Value Measurements

The Organization has determined the fair value of certain assets and liabilities in accordance with the provision of U.S. GAAP, which provides a framework for measuring fair value under generally accepted accounting principles.

U.S. GAAP defines fair value as the exchange price that would be received for an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. U.S. GAAP requires that valuation techniques maximize the use of observable

inputs and minimize the use of unobservable inputs. U.S. GAAP also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

Level 1 inputs consist of quoted prices in active markets for identical assets that the reporting organization has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset. Level 3 inputs are unobservable inputs related to the asset.

The asset's fair value measurement within the fair value hierarchy is based on the lowest of any input that is significant to the fair value measurement. 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 March 31, 2026 and 2025.

*Fixed income securities:* including corporate and municipal bonds are valued using pricing models maximizing the use of observable inputs on similar securities. These inputs include yields currently available on comparable securities of issuers with similar credit ratings.

## NOTE 6 - Fair Value Measurements - Continued

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value on a recurring basis as of March 31, 2026 and 2025.

| | MARCH 31, 2026 | QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1) | SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2) | SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) |
|---|---|---|---|---|
| Equity funds | $ 461,734 | $ 461,734 | $ - | $ - |
| Fixed income funds | 688,601 | - | 688,601 | - |
| Other investments | 80,505 | 80,505 | - | - |
| **TOTALS** | **$ 1,230,840** | **$ 542,239** | **$ 688,601** | **$ -** |

| | MARCH 31, 2025 | QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1) | SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2) | SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) |
|---|---|---|---|---|
| Equity funds | $ 409,379 | $ 409,379 | $ - | $ - |
| Other fixed income | 703,389 | - | 703,389 | - |
| Other investments | 80,815 | 80,815 | - | - |
| **TOTALS** | **$ 1,193,583** | **$ 490,194** | **$ 703,389** | **$ -** |

## NOTE 7 - Unconditional Promises to Give

Unconditional promises to give at March 31, 2026 and 2025 are summarized as follows:

| Year ended March 31, 2026 | Building Bridges Campaign With Donor Restrictions | 2024 Campaign Without Donor Restrictions | 2025 Campaign Without Donor Restrictions | Total |
|---|---|---|---|---|
| Unconditional promises to give | $ 112,008 | $ 122,474 | $ 1,122,717 | $ 1,357,199 |
| Less: allowance for uncollectible unconditional promises to give | (1,027) | (75,194) | (66,329) | (142,550) |
| Less: discount | (4,684) | - | - | (4,684) |
| **TOTALS** | **$ 106,297** | **$ 47,280** | **$ 1,056,388** | **$ 1,209,965** |

| Year ended March 31, 2025 | Building Bridges Campaign With Donor Restrictions | 2023 Campaign Without Donor Restrictions | 2024 Campaign Without Donor Restrictions | Total |
|---|---|---|---|---|
| Pledges receivable | $ - | $ 73,525 | $ 1,272,816 | $ 1,346,341 |
| Less: allowance for uncollectible unconditional promises to give | - | (44,599) | (72,611) | (117,210) |
| **TOTALS** | **$ -** | **$ 28,926** | **$ 1,200,205** | **$ 1,229,131** |

## NOTE 7 - Unconditional Promises to Give - Continued

A discount rate of 3.81% was used at March 31, 2026 on the Building Bridges Campaign.

At March 31, 2026, one donor accounted for 18% of total unconditional promises to give. One contributor accounted for approximately 26% of total campaign contribution revenue for the year ended March 31, 2026.

At March 31, 2025, one donor accounted for 19% of total unconditional promises to give. One contributor accounted for approximately 26% of total campaign contribution revenue for the year ended March 31, 2025.

## NOTE 8 - Leases

The United Way Services Building, which is owned by the Organization, is approximately 75% occupied by various nonprofit agencies and 25% by the Organization. The nonprofit agency leases are generally for a two to five-year period and expire between April 2026 and December 2027.

Future base rental income from the leases are as follows as of year ended March 31:

| | Operating Leases |
|---|---|
| 2027 | $ 59,503 |
| 2028 | 25,001 |

All agencies, including the Organization, are charged rent based on space occupied. In addition to the monthly base rental income, all building operating costs are allocated and charged to all agencies, including the Organization. The Organization's share of operating costs are recorded as expenses and allocated to the programs and supporting services in the statement of functional expenses.

Following is a summary of rental activities for the years ended March 31, 2026 and 2025:

| | 2026 | 2025 |
|---|---|---|
| Revenue: | | |
| Rental income and expense reimbursements | $ 116,409 | $ 134,849 |
| Expenses: | | |
| Insurance | 5,563 | 4,950 |
| Utilities | 25,809 | 28,898 |
| Care of building and grounds | 80,954 | 54,420 |
| Management fees | 5,850 | 5,850 |
| Total expenses before depreciation | 118,175 | 94,117 |
| Depreciation expense | 42,850 | 33,048 |
| Total expenses | 161,025 | 127,165 |
| **NET RENTAL LOSS** | **$ (44,616)** | **$ 7,684** |

The Organization charged itself a monthly rental fee of $3,116 and $3,116 for the years ended March 31, 2026 and 2025, respectively. The annual rental income from this monthly fee, $37,390 and $37,390 for the respective years ended March 31, 2026 and 2025, is not included in the table above, nor is it included in the statements of activities. Additionally, the related rental expense from this fee is not included in the financial statements.

## NOTE 9 - Net Assets

Net assets with donor restrictions are restricted for the following purposes or periods at March 31:

| | 2026 | 2025 |
|---|---|---|
| Subject to the passage of time: | | |
| Community grant making and operations for the next year | $ 1,460,054 | $ 1,574,042 |
| Building Bridges campaign | 98,887 | - |
| **Total** | **$ 1,558,941** | **$ 1,574,042** |

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended March 31:

| | 2026 | 2025 |
|---|---|---|
| Expiration of time restrictions | $ 1,574,042 | $ 1,922,033 |

## NOTE 10 - Endowment Fund

The United Way of Southeast Minnesota Endowment was organized to support the charitable and human care activities consistent with the mission of United Way of Southeast Minnesota. The endowment assets are held by the Rochester Area Foundation and are not reflected in the financial statements of the Organization. The balance of the endowment was $597,437 and $513,363 at March 31, 2026 and 2025, respectively.

## NOTE 11 - Retirement Plan

The Organization sponsors a defined contribution retirement plan covering substantially all employees. The Organization contributes twice the employee's contribution up to a maximum of 9% of the employee's gross income. Employer contributions for the years ended March 31, 2026 and 2025 was $57,309 and $72,897, respectively.

## NOTE 12 - In-Kind Contributions

The value of donated goods and services included as in-kind contributions in the financial statements and the corresponding expenses or assets are as follows for the years ended March 31:

| | 2026 | 2025 |
|---|---|---|
| Supplies | **36,038** | **35,439** |

Contributed supplies received by the Organization are recorded as in-kind contribution revenue with a corresponding increase to supplies expense. Donated goods are valued at the fair market value based on current market rates for similar items.

All contributed services and supplies were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated services and assets.

## NOTE 13 - Fundraising Campaign Results

All unconditional promises to give which were received during the campaign period are recorded in the statement of activities as campaign contributions unless the donor used the Organization to facilitate its contribution to a specified third-party beneficiary for which the Organization acts as an intermediary. When the Organization acts as the intermediary, promises to give are recorded as pledges receivable offset by a liability entitled donor designations payable in the statement of financial position. All unconditional promises to give are due in less than one year.

The campaign results for the five previous years are as follows for the years ended as of March 31:

| | | |
|---|---|---|
| 2025 | $ | 1,895,161 |
| 2024 | | 2,458,913 |
| 2023 | | 2,478,302 |
| 2022 | | 2,800,368 |
| 2021 | | 2,858,639 |

*2025 results are based on information available as of March 31, 2026.

## NOTE 14 - Related Parties

There are members of the board of directors of the Organization who hold management positions within the organizations that receive community program distributions from the Organization. Board members of the Organization declare conflicts of interest annually and before any decision related to their conflict. These declarations are recorded in the organizational documents and board minutes. Total grant expense to these organizations totaled $67,040 and $42,502 for the years ended March 31, 2026 and 2025, respectively. Total community program distributions payable at March 31, 2026 and 2025 were $1,860 and $29,196, respectively.

## NOTE 15 - Risks and Uncertainties

The Organization’s investments are exposed to various risks, such as interest rate, and market and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the values of investments, it is reasonably possible that changes in risks in the near term could materially affect the amounts reported in the statements of financial position and the statements of activities.

**UNITED WAY OF SOUTHEAST MINNESOTA**
SCHEDULE OF FUNCTIONAL INTERNAL INITIATIVE PROGRAM SERVICE EXPENSES
YEAR ENDED MARCH 31, 2026

| | (1) Running Start for School | (2) 211 | (3) Get Connected | (4) Imagination Library | (5) VITA Free Tax Preparation | (6) Cradle 2 Career | Total |
|---|---|---|---|---|---|---|---|
| Salaries and wages | $ 12,955 | $ 3,681 | $ 5,315 | $ 25,817 | $ 2,662 | $ 394,536 | $ 444,966 |
| Employee benefits | 2,218 | 732 | 1,049 | 4,976 | 664 | 74,243 | 83,882 |
| Payroll taxes | 1,070 | 326 | 466 | 2,310 | 220 | 33,514 | 37,906 |
| Total | 16,243 | 4,739 | 6,830 | 33,103 | 3,546 | 502,293 | 566,754 |
| Program expense | 62,666 | 5,701 | 455 | 102,858 | 27,850 | - | 199,530 |
| Fees for professional services | - | - | - | 8 | - | - | 8 |
| Advertising | 2,725 | 143 | - | 1,530 | 919 | 345 | 5,662 |
| Donor relationship management | - | 142 | 415 | 2,836 | - | - | 3,393 |
| Supplies | 912 | 165 | 145 | 934 | - | - | 2,156 |
| Technology | 1,041 | 984 | 3,752 | 1,121 | 976 | 4,731 | 12,605 |
| Occupancy | 1,887 | 1,520 | 1,589 | 2,377 | 1,472 | 10,861 | 19,706 |
| Equipment rental | 336 | 328 | 386 | 318 | 313 | 693 | 2,374 |
| Conferences, conventions, and training | - | - | - | - | - | 52 | 52 |
| Meetings and food | 225 | - | 2,180 | - | 47 | 710 | 3,162 |
| Travel | - | - | - | - | - | 3,455 | 3,455 |
| Insurance | 57 | 16 | 23 | 108 | 11 | 1,554 | 1,769 |
| Miscellaneous | 297 | 12 | - | 82 | 8 | 1,104 | 1,503 |
| Total expenses | $ 86,389 | $ 13,750 | $ 15,775 | $ 145,275 | $ 35,142 | $ 525,798 | $ 822,129 |

The accompanying notes are an integral part of these statements.

**UNITED WAY OF SOUTHEAST MINNESOTA**
SCHEDULE OF FUNCTIONAL INTERNAL INITIATIVE PROGRAM SERVICE EXPENSES (CONTINUED)
YEAR ENDED MARCH 31, 2026

Program Descriptions:

1) Running Start for School mobilizes the community to collect backpacks and school supplies through the summer months and then distributes the donated supplies to local schools for children who are eligible for free or reduced lunch.

2) 211 is a free, confidential, and multilingual human service information and referral resource available by phone, text, online chat, and online self-search. Information is available 24 hours a day on a variety of topics including childcare, counseling, food, health services, housing, legal assistance, transportation, volunteering, and more.

3) Get Connected, United Way's online tool to connect volunteers to opportunities and events, allows people to volunteer with local organizations that fit the volunteer's schedule and interests.

4) Imagination Library provides children living in Southeast Minnesota the opportunity to receive a free, age-appropriate book in the mail each month from birth to their fifth birthday. Each book is selected for the developmental benefits it brings.

5) The VITA free tax preparation initiative connects low- to moderate-income families to opportunities to file their taxes for free.

6) Cradle 2 Career is a community wide Initiative that utilizes the nationally recognized Strive Together model to implement a multiyear, multi-phase program to improve educational outcomes in our community and ensure every child and young adult succeeds cradle to career, through shared purpose, alignment and accountability among community partners. United Way of Southeast Minnesota is one of several partner organizations and serves a variety of roles within the community wide initiative, including administrative support, data support and leadership.