

# United Way of Greater Duluth, Inc.

Financial Report  
June 30, 2015

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## Independent Auditor's Report

To the Board of Directors  
United Way of Greater Duluth, Inc.  
Duluth, Minnesota

### Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Greater Duluth, Inc., which comprise the statements of financial position as of June 30, 2015, and 2014, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 Greater Duluth, Inc. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*McGladrey LLP*

Duluth, Minnesota  
October 5, 2015

**United Way of Greater Duluth, Inc.**

**Statements of Financial Position  
June 30, 2015 and 2014**

	2015	2014
<b>Assets</b>		
Cash and Cash Equivalents		
Unrestricted	\$ 799,313	\$ 803,573
Restricted (Note 2)	8,744	8,708
Contributions Receivable, less allowance for uncollectibles of \$44,654 in 2015 and \$50,111 in 2014	574,670	710,784
Other Receivables	50,299	50,256
Prepaid Expenses	5,905	6,262
Property and Equipment, net (Note 3)	36,838	26,418
Beneficial Interest in Perpetual Trust (Note 4)	3,799,322	3,813,238
Beneficial Interest in Assets Held by Others (Note 5)	612,490	644,700
<b>Total assets</b>	<b>\$ 5,887,581</b>	<b>\$ 6,063,939</b>
<b>Liabilities and Net Assets</b>		
Liabilities		
Allocations and designations payable (Note 6)	\$ 908,315	\$ 1,006,968
Deposits held for others (Note 2)	8,744	8,708
Accounts payable	12,554	18,960
Accrued expenses	56,236	35,840
<b>Total liabilities</b>	<b>985,849</b>	<b>1,070,476</b>
Net Assets		
Unrestricted:		
Board designated (Note 11)	378,676	459,093
Property and equipment	36,838	26,418
United Way Endowment Fund (Note 5)	612,490	644,700
<b>Total unrestricted net assets</b>	<b>1,028,004</b>	<b>1,130,211</b>
Temporarily restricted (Note 7)	74,406	50,014
Permanently restricted (Note 7)	3,799,322	3,813,238
<b>Total net assets</b>	<b>4,901,732</b>	<b>4,993,463</b>
<b>Total liabilities and net assets</b>	<b>\$ 5,887,581</b>	<b>\$ 6,063,939</b>

See Notes to Financial Statements.

United Way of Greater Duluth, Inc.

Statements of Activities  
Years Ended June 30, 2014 and 2013

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>Public Support and Revenue</b>				
Gross campaign results	\$ 1,773,854	\$ 20,900	\$ -	\$ 1,794,754
Gross campaign results in prior year, released from restrictions	17,736	(17,736)	-	-
<b>Total campaign results</b>	<b>1,791,590</b>	<b>3,164</b>	<b>-</b>	<b>1,794,754</b>
Less donor designations (Note 6)	(61,983)	-	-	(61,983)
Less provision for uncollectible accounts	(71,419)	-	-	(71,419)
<b>Net campaign revenue</b>	<b>1,658,188</b>	<b>3,164</b>	<b>-</b>	<b>1,661,352</b>
Perpetual trust contribution	192,842	-	-	192,842
Duluth-Superior Area Community Foundation contribution	25,171	-	-	25,171
Other contributions	9,437	-	-	9,437
Grant income	57,177	20,760	-	77,937
Sponsorships	12,000	-	-	12,000
Bequests and memorials	-	-	-	-
Special events	20,957	-	-	20,957
Services revenue	84,008	10,000	-	94,008
Temporarily restricted net assets released	9,532	(9,532)	-	-
<b>Total public support</b>	<b>2,069,312</b>	<b>24,392</b>	<b>-</b>	<b>2,093,704</b>
Investment income	(1,537)	-	-	(1,537)
Change in beneficial interest in assets held by others	(4,055)	-	-	(4,055)
Change in beneficial interest in perpetual trust	-	-	(13,916)	(13,916)
Donated services	17,853	-	-	17,853
Miscellaneous	8,126	-	-	8,126
<b>Total revenue</b>	<b>2,089,699</b>	<b>24,392</b>	<b>(13,916)</b>	<b>2,100,175</b>
<b>Allocations and Expenses</b>				
Allocations and program services:				
Gross allocations to agencies for programs	1,236,065	-	-	1,236,065
Less donor designations (Note 6)	(61,983)	-	-	(61,983)
<b>Net allocations awarded (Note 8)</b>	<b>1,174,082</b>	<b>-</b>	<b>-</b>	<b>1,174,082</b>
Initiatives distributions (Note 8)	12,893	-	-	12,893
Other program services	461,736	-	-	461,736
<b>Total program expenses</b>	<b>1,648,711</b>	<b>-</b>	<b>-</b>	<b>1,648,711</b>
Supporting services:				
Management and general	168,917	-	-	168,917
Fundraising	374,278	-	-	374,278
<b>Total allocations and expenses</b>	<b>2,191,906</b>	<b>-</b>	<b>-</b>	<b>2,191,906</b>
<b>Increase (decrease) in net assets</b>	<b>(102,207)</b>	<b>24,392</b>	<b>(13,916)</b>	<b>(91,731)</b>
<b>Net Assets</b>				
Beginning of year	1,130,211	50,014	3,813,238	4,993,463
End of year	\$ 1,028,004	\$ 74,406	\$ 3,799,322	\$ 4,901,732

See Notes to Financial Statements.

## 2014

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 1,950,596	\$ 17,735	\$ -	\$ 1,968,331
36,921	(36,921)	-	-
1,987,517	(19,186)	-	1,968,331
(93,455)	-	-	(93,455)
(66,646)	-	-	(66,646)
1,827,416	(19,186)	-	1,808,230
158,221	-	-	158,221
22,965	-	-	22,965
3,449	-	-	3,449
75,297	7,500	-	82,797
20,395	-	-	20,395
1,000	-	-	1,000
38,446	-	-	38,446
126,196	-	-	126,196
17,913	(17,913)	-	-
2,291,298	(29,599)	-	2,261,699
3,441	-	-	3,441
94,770	-	-	94,770
-	-	505,787	505,787
3,017	-	-	3,017
11,390	-	-	11,390
2,403,916	(29,599)	505,787	2,880,104
1,335,980	-	-	1,335,980
(93,455)	-	-	(93,455)
1,242,525	-	-	1,242,525
109,263	-	-	109,263
429,305	-	-	429,305
1,781,093	-	-	1,781,093
190,823	-	-	190,823
328,327	-	-	328,327
2,300,243	-	-	2,300,243
103,673	(29,599)	505,787	579,861
1,026,538	79,613	3,307,451	4,413,602
\$ 1,130,211	\$ 50,014	\$ 3,813,238	\$ 4,993,463

United Way of Greater Duluth, Inc.

Statements of Functional Expenses  
Years Ended June 30, 2015 and 2014

	2015			
	Program Services	Management and General	Fundraising	Total
Gross Allocations to Agencies for Programs	\$ 1,236,065	\$ -	\$ -	\$ 1,236,065
Less Donor Designations	(61,983)	-	-	(61,983)
<b>Net allocations awarded</b>	<b>1,174,082</b>	<b>-</b>	<b>-</b>	<b>1,174,082</b>
Initiatives Distributions	12,893	-	-	12,893
Salaries	305,646	96,575	211,029	613,250
Payroll Taxes	20,063	6,414	14,262	40,739
Employee Benefits	58,544	8,001	39,556	106,101
<b>Total salaries and related expenses</b>	<b>384,253</b>	<b>110,990</b>	<b>264,847</b>	<b>760,090</b>
Conferences, Conventions, and Meetings	4,473	1,575	12,023	18,071
Insurance	1,936	285	734	2,955
Membership Dues	535	1,085	3,151	4,771
Other	1,994	1,829	6,425	10,248
Occupancy	14,238	6,242	16,072	36,552
Postage	1,481	699	2,621	4,801
Printing and Marketing	1,398	353	11,097	12,848
Professional Fees	10,875	36,537	5,769	53,181
Rental and Maintenance of Equipment	14,544	2,472	8,534	25,550
Supplies	3,507	336	2,758	6,601
Telephone and Communications	5,977	1,364	3,526	10,867
Special Events	2,256	-	5,609	7,865
Donated Services	-	-	17,853	17,853
Community Outreach	504	-	-	504
United Way Worldwide	10,449	2,707	6,969	20,125
Depreciation	3,316	2,443	6,290	12,049
<b>Total other program services</b>	<b>461,736</b>	<b>168,917</b>	<b>374,278</b>	<b>1,004,931</b>
<b>Total allocations and expenses</b>	<b>\$ 1,648,711</b>	<b>\$ 168,917</b>	<b>\$ 374,278</b>	<b>\$ 2,191,906</b>

See Notes to Financial Statements.

2014

Program Services	Management and General	Fundraising	Total
\$ 1,335,980	\$ -	\$ -	\$ 1,335,980
(93,455)	-	-	(93,455)
1,242,525	-	-	1,242,525
109,263	-	-	109,263
255,194	106,471	168,522	530,187
20,527	8,546	13,730	42,803
41,875	11,396	43,775	97,046
317,596	126,413	226,027	670,036
7,191	2,346	14,458	23,995
1,127	289	680	2,096
1,420	511	1,205	3,136
278	78	5,648	6,004
17,308	7,687	18,119	43,114
1,178	728	2,016	3,922
2,505	1,073	7,717	11,295
28,273	41,734	10,275	80,282
22,350	3,401	8,401	34,152
2,420	560	3,613	6,593
5,689	936	2,207	8,832
1,740	-	12,996	14,736
-	-	3,017	3,017
4,262	-	-	4,262
11,140	2,853	6,729	20,722
4,828	2,214	5,219	12,261
429,305	190,823	328,327	948,455
\$ 1,781,093	\$ 190,823	\$ 328,327	\$ 2,300,243



**United Way of Greater Duluth, Inc.**

**Statements of Cash Flows  
Years Ended June 30, 2015 and 2014**

	2015	2014
Cash Flows from Operating Activities		
Increase (decrease) in net assets	\$ (91,731)	\$ 579,861
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	12,049	12,261
Loss on disposal of property and equipment	1,068	-
Changes in:		
Beneficial interest in:		
Assets held by others	32,210	52,392
Perpetual trust	13,916	(505,787)
Assets and liabilities:		
Contributions receivable	136,114	(14,253)
Other receivables	(43)	(23,962)
Prepaid expenses	357	11,295
Allocations payable and designated pledges	(98,653)	(82,359)
Deposits held for others	36	(5,747)
Accounts payable	(6,406)	(8,219)
Accrued expenses	20,396	(13,308)
<b>Net cash provided by operating activities</b>	<b>19,313</b>	<b>2,174</b>
Cash Flows from Investing Activities		
Purchase of property and equipment	(23,537)	(12,115)
<b>Net cash used in investing activities</b>	<b>(23,537)</b>	<b>(12,115)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(4,224)</b>	<b>(9,941)</b>
Cash and Cash Equivalents		
Beginning	812,281	822,222
Ending	<b>\$ 808,057</b>	<b>\$ 812,281</b>

See Notes to Financial Statements.

## United Way of Greater Duluth, Inc.

### Notes to Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies

**Nature of activities:** United Way of Greater Duluth, Inc. (the Organization) is a voluntary health and welfare nonprofit entity organized to lead a united response to the human service needs of the Greater Duluth Community.

A summary of the Organization's significant accounting policies follows:

**Net assets:** Unrestricted net assets are those funds presently available for use by or on behalf of the Organization, including amounts available for general and administrative expenses. These unrestricted net assets may also include board designated funds. Temporarily restricted net assets are contributions that have donor-imposed stipulations that can be fulfilled by certain actions of the Organization. These contributions are restricted by time and/or for program expenditures in future years. Permanently restricted net assets are contributions that have donor-imposed restrictions whereby the amount of the gift is to be held in perpetuity and only the income generated can be used as stipulated by the donor.

**Support and expenses:** Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. 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 donated 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Expenses are recorded as incurred in accordance with the accrual basis of accounting.

**Donated services:** Donated services are reflected in the statements of activities at their estimated values at date of receipt. During the years ended June 30, 2015 and 2014, the Organization recognized \$17,853 and \$3,017, respectively, of donated services relating to advertising. In addition, a substantial number of unpaid volunteers have made significant contributions of their time to the Organization's program services and fundraising campaigns. These donated services are not reflected in the financial statements since the services do not require specialized skills.

**Property and equipment:** Property and equipment acquisitions are recorded at cost. Depreciation is provided using the straight-line method based on estimated useful lives of individual units of 3 - 5 years.

**Cash and cash equivalents:** Unrestricted highly liquid investments with an initial maturity of three months or less are considered cash equivalents. The carrying value approximates fair value.

**Contributions receivable:** All contributions receivable are due in less than one year. Management determines the allowance for uncollectible accounts by using historical collection experience applied to pledges received by the Organization and by identifying troubled accounts. Contributions receivable are written off when deemed uncollectible. Recoveries of contributions receivable previously written off are recorded when received.

**Concentration of credit risk:** The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash.

## United Way of Greater Duluth, Inc.

### Notes to Financial Statements

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**Fair value measurement:** The Organization reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by accounting principles generally accepted in the United States, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

*Level 1:* Quoted prices for identical assets or liabilities in active markets to which the Organization has access at the measurement date.

*Level 2:* Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets in markets that are not active;
- observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
- inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

*Level 3:* Unobservable inputs for the asset or liability should be used to measure the fair value to the extent that observable inputs are not available.

The fair values of the beneficial interest in perpetual trust and the beneficial interest in assets held by others are determined using the Level 3 inputs described above.

**Income taxes:** The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Not-for-profit organizations may become subject to income taxes if qualification as a tax-exempt entity changes, if unrelated business income is generated, and in certain other instances. Not-for-profit organizations are required to assess the certainty of their tax positions related to these matters and, in some cases, record liabilities for potential taxes, interest and penalties accompanied by footnote disclosures. The Organization has not identified any uncertain tax positions that would require the accrual of an income tax provision.

Generally, the Organization is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for the years before 2011.

**Use of estimates in the preparation of financial statements:** The preparation of financial statements 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.

**Subsequent events:** Management has evaluated subsequent events through October 5, 2015, the date the financial statements were issued, in preparing the financial statements and related footnotes.

#### **Note 2. Restricted Cash and Deposits Held for Others**

The Organization is fiscal agent for the long-term flood recovery fund which solicits contributions and makes distributions to flood victims. The fund is managed by a third party committee. The Organization reports restricted cash and deposits held for others of \$514 at June 30, 2015 and 2014 for the long-term flood recovery fund.

## United Way of Greater Duluth, Inc.

### Notes to Financial Statements

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The Organization is also fiscal agent for the Duluth Youth Coalition. The Organization reports restricted cash and deposits held for others of \$8,230 and \$8,194 at June 30, 2015 and 2014, respectively, for the Duluth Youth Coalition.

#### Note 3. Property and Equipment

	2015	2014
Office equipment	\$ 195,617	\$ 173,301
Leasehold improvements	47,553	51,539
	<u>243,170</u>	<u>224,840</u>
Less accumulated depreciation	206,332	198,422
	<u>\$ 36,838</u>	<u>\$ 26,418</u>

#### Note 4. Beneficial Interest in Perpetual Trust

The Organization is the sole beneficiary of the yearly income derived from the assets of United Way of Greater Duluth Trust. The beneficial interest in perpetual trust is recorded at fair value, which is estimated as the fair value of the underlying trust assets. As discussed in Note 1, because there are no observable market transactions for assets similar to the beneficial interest in the trust and because the trust cannot be redeemed, the valuation technique used by the Organization is a Level 3 measure.

	2015	2014
Beneficial interest, beginning of year	\$ 3,813,238	\$ 3,307,451
Increase in beneficial interest	178,926	664,007
Amount distributed	(192,842)	(158,220)
Beneficial interest, end of year	<u>\$ 3,799,322</u>	<u>\$ 3,813,238</u>

The change in the fair value of the beneficial interest in the trust is recognized in the statement of activities.

#### Note 5. Beneficial Interest in Assets Held by Others

The United Way Endowment Fund (the Fund) was established with the Duluth-Superior Area Community Foundation (the Foundation) by both the Organization and third party donors. The Organization is the sole beneficiary of the Fund.

The portion of the Fund contributed by the Organization is reported as an asset of the Organization. The Organization has granted variance power to the Foundation. This variance power allows the Foundation to move funds received by the Foundation from the Fund to other Foundation endowment funds if deemed appropriate. The net income of the Fund shall be distributed at least annually to the Organization. The balance at June 30, 2015 and 2014, is included in the balance sheet under the caption "Beneficial Interest in Assets Held by Others." This portion is recorded at fair value, which is estimated as the fair value of the underlying trust assets. As discussed in Note 1, because there are no observable market transactions for assets similar to the beneficial interest in the trust and because the trust cannot be redeemed, the valuation technique used by the Organization is a Level 3 measure.

**United Way of Greater Duluth, Inc.****Notes to Financial Statements**

	2015	2014
Beneficial interest, beginning of year	\$ 644,700	\$ 577,092
Increase (decrease) in beneficial interest	(4,054)	94,770
Amount distributed	(28,156)	(27,162)
Beneficial interest, end of year	<u>\$ 612,490</u>	<u>\$ 644,700</u>

The portion of the Fund contributed by unrelated third party donors is considered a contribution to the Foundation, as the Foundation has been granted variance power over these assets. This portion of the Fund, \$632,741 and \$651,265 at June 30, 2015 and 2014, respectively, has not been recorded as an asset on these financial statements.

**Note 6. Allocations and Designations Payable**

	2015	2014
Community Care allocations payable	\$ 881,355	\$ 932,632
Donor designated pledges	26,960	74,336
	<u>\$ 908,315</u>	<u>\$ 1,006,968</u>

The Organization receives various donor pledges that are designated for specific beneficiaries. The Organization is considered an agent for the donor designated beneficiaries and, as such, records amounts received from the donor as a liability to the designated beneficiaries. The donor designated pledges are not included in revenue of the Organization. During the years ended June 30, 2015 and 2014, the Organization raised \$61,983 and \$93,455, respectively, of donor designated pledges, of which amounts due to the designated beneficiaries are included in the above table.

**Note 7. Restrictions on Net Assets**

Temporarily restricted net assets as a result of program and/or time restrictions consisted of the following:

	2015	2014
2-1-1 Information and referral	\$ 30,760	\$ 2,556
Project Homeless Connect	4,332	4,326
Head Start Transportation Collaborative	6,393	6,390
Long Term Flood Relief/Flooding Homes with Hope	514	-
Heading Home	7,061	7,061
Contributions for the subsequent fiscal year's campaign	20,900	25,235
Women's Leadership Council	4,446	4,446
	<u>\$ 74,406</u>	<u>\$ 50,014</u>

Permanently restricted net assets of \$3,799,322 and \$3,813,238 include the beneficial interest in the United Way of Greater Duluth Trust at June 30, 2015 and 2014, respectively. Investment income received from the trust is unrestricted.

**United Way of Greater Duluth, Inc.**

**Notes to Financial Statements**

**Note 8. Allocations to Agencies**

Allocations were as follows:

	2015			2014
	Total Allocations	Amount Paid	Amount Payable	Total Allocations
American Red Cross - Northld Chpt	\$ 11,304	\$ 2,826	\$ 8,478	\$ 11,932
Arc Northland	9,195	2,299	6,896	9,705
Boys & Girls Club of the Northland	67,828	16,957	50,871	71,594
Center City Housing	28,921	7,231	21,690	30,527
Children's Dental Services	9,044	2,261	6,783	9,546
Churches United in Ministry	42,393	10,599	31,794	44,747
Community Action Duluth	53,697	13,425	40,272	56,679
Courage Center	8,478	2,120	6,358	8,949
Damiano Center	60,481	15,121	45,360	63,838
Domestic Abuse Intervention Program	5,652	1,413	4,239	5,966
Duluth Area Family YMCA	109,372	27,343	82,029	115,445
Girl Scouts of MN & WI Lakes & Pines	6,218	1,555	4,663	6,563
Goodwill	30,146	7,537	22,609	31,820
Human Development Center	53,886	13,472	40,414	56,878
ISD#704	4,710	1,178	3,532	4,972
Lake Sup'r Community Health Ctr	56,899	14,225	42,674	60,059
Legal Aid Service of NE MN	50,871	12,718	38,153	53,696
Life House	42,958	10,740	32,218	45,343
Lutheran Social Service	56,145	14,037	42,108	59,264
Men as Peacemakers	26,377	6,595	19,782	27,842
Myers-Wilkins Comm Sch Collaborative	31,559	7,890	23,669	33,311
North Country R.I.D.E.	-	-	-	4,972
One Roof Community Housing	6,029	1,508	4,521	6,364
Positive Energy Outdoors	11,304	2,826	8,478	6,364
Safe Haven Shelter	34,291	8,573	25,718	36,195
Salvation Army	92,886	23,222	69,664	98,044
2nd Harvest No. Lakes Food Bank	22,892	5,723	17,169	24,163
SOAR Career Solutions	37,304	9,326	27,978	39,376
Valley Youth Center	73,480	18,370	55,110	77,560
Volunteer Attorney Program	9,421	2,356	7,065	9,944
Woodland Hills	35,610	8,903	26,707	37,587
YWCA	52,284	13,071	39,213	55,187
Duluth Area Community Care allocations	1,141,635	285,420	856,215	1,204,432
AEOA	6,736	1,750	5,250	7,000
Community Partners	4,822	1,250	3,750	5,000
Girl Scouts of MN & WI Lakes & Pines	-	-	331	-
North Shore Horizons	4,669	1,250	3,566	6,971
Northshore Area Partners	1,853	500	1,464	4,093
Northshore Collaborative	6,889	1,750	5,181	1,970
Salvation Army Lake County	4,958	1,250	3,708	4,971
Socially Active Seniors	2,520	630	1,890	2,520
North Shore Community Care allocations	32,447	8,380	25,140	32,525
Total Community Care allocations	1,174,082	293,800	881,355	1,236,957
Head Start Transportation	-	-	-	7,525
Imagination Library	7,190	7,190	-	89,738
Big Red Book Shelf	3,703	3,703	-	-
Duluth Profile Project	2,000	2,000	-	-
Community Action Duluth/Tax Sites	-	-	-	12,000
Total Initiatives distributions	12,893	12,893	-	109,263
Total Agency allocations	\$ 1,186,975	\$ 306,693	\$ 881,355	\$ 1,346,220

These amounts do not include contributions that donors have designated for a specific beneficiary.

## United Way of Greater Duluth, Inc.

### Notes to Financial Statements

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#### **Note 9. Retirement Plan**

The Organization has a defined contribution retirement plan covering substantially all full-time employees 21 years of age or older with at least one year of service. Contributions are 5.5 percent of each covered employee's salary with less than five years of service. Contributions are 6.0 percent of each covered employee's salary with five years or more of service. Total contributions were \$29,016 and \$26,616 for the years ended June 30, 2015 and 2014, respectively.

#### **Note 10. Operating Lease**

The Organization leases office space from the Ordean Foundation based upon an agreement renewed annually. Total office space rent expense was \$36,552 and \$43,114 for the years ended June 30, 2015 and 2014, respectively.

#### **Note 11. Board Designated Net Assets**

Net assets have been designated by the Board to support strategic business practices and to ensure the long-term health of the Organization. Amounts are designated for, but are not limited to managing cash flow interruptions, minimizing the need for working capital borrowing, meeting commitments and obligations, and generating investment income. Designated net assets were \$378,676 and \$466,774 at June 30, 2015 and 2014, respectively.

#### **Note 12. Risks and Uncertainties**

The investments held in perpetual trust and by others in which the Organization has beneficial interests consist of various investment securities. Investment securities are exposed to risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the Organization's interest in such assets and the amounts reported in the statement of financial position.

#### **Note 13. Subsequent Event**

Subsequent to year-end, United Way of Greater Duluth and United Way of Superior-Douglas County combined to form Head of the Lakes United Way. The campaign activities of United Way Superior-Douglas County were transferred to the new entity, with Head of the Lakes United Way continuing to run the four separate campaigns (Greater Duluth, North Shore, Superior-Douglas County and Bayfield-Ashland area) that existed prior to Head of the Lakes United Way's formation. Donors designate which of the four geographic campaign areas they want to support with their gifts.



### Independent Auditor's Report on the Supplementary Information

To the Board of Directors  
United Way of Greater Duluth, Inc.  
Duluth, Minnesota

We have audited the financial statements of United Way of Greater Duluth, Inc. as of and for the years ended June 30, 2015 and 2014, and have issued our report thereon, which contains an unmodified opinion on those financial statements. See page 1. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the 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.

*McGladrey LLP*

Duluth, Minnesota  
October 5, 2015



United Way of Greater Duluth, Inc.

Other Program Services  
Years Ended June 30, 2015 and 2014

	2015			
	Community Impact	Fund Distribution	AFL-CIO Community Services	Volunteer Center
Salaries	\$ 61,156	\$ 3,930	\$ 33,025	\$ 35,189
Payroll taxes	3,910	159	2,200	1,969
Employee benefits	11,071	790	12,386	8,231
<b>Total salaries and related expenses</b>	<b>76,137</b>	<b>4,879</b>	<b>47,611</b>	<b>45,389</b>
Conferences, conventions, and meetings	575	438	425	1,007
Insurance	1,087	14	-	-
Membership dues	384	51	-	-
Other	1,771	127	-	96
Occupancy	8,064	294	2,396	-
Postage	578	88	64	107
Printing and marketing	301	17	675	90
Professional fees	9,939	295	54	353
Rental and maintenance of equipment	9,426	118	-	2,186
Supplies	1,280	16	421	409
Telephone and communications	1,237	65	168	944
Special events	-	-	500	1,756
Donated services	-	-	-	-
Community outreach	458	-	-	46
United Way Worldwide	10,320	129	-	-
Depreciation	866	116	370	605
	<b>\$ 122,423</b>	<b>\$ 6,647</b>	<b>\$ 52,684</b>	<b>\$ 52,988</b>

2015				
2-1-1 Information and Referral				2014
	Initiatives	Total		
\$ 145,539	\$ 26,807	\$ 305,646	\$ 255,194	
9,644	2,181	20,063	20,527	
19,985	6,081	58,544	41,875	
175,168	35,069	384,253	317,596	
1,910	118	4,473	7,191	
835	-	1,936	1,127	
100	-	535	1,420	
-	-	1,994	278	
3,484	-	14,238	17,308	
644	-	1,481	1,178	
-	315	1,398	2,505	
187	47	10,875	28,273	
2,776	38	14,544	22,350	
1,193	188	3,507	2,420	
2,755	808	5,977	5,689	
-	-	2,256	1,740	
-	-	-	-	
-	-	504	4,262	
-	-	10,449	11,140	
1,359	-	3,316	4,828	
<u>\$ 190,411</u>	<u>\$ 36,583</u>	<u>\$ 461,736</u>	<u>\$ 429,305</u>	

United Way of Greater Duluth, Inc.

**Fundraising Expenses**  
**Years Ended June 30, 2015 and 2014**

	2015			2014
	Resource Development	Marketing	Total	
Salaries	\$ 168,497	\$ 42,532	\$ 211,029	\$ 168,522
Payroll taxes	11,424	2,838	14,262	13,730
Employee benefits	21,251	18,305	39,556	43,775
<b>Total salaries and related expenses</b>	201,172	63,675	264,847	226,027
Conferences, conventions, and meetings	11,311	712	12,023	14,458
Insurance	605	129	734	680
Membership dues	2,660	491	3,151	1,205
Other	6,325	100	6,425	5,648
Occupancy	13,250	2,822	16,072	18,119
Postage	2,602	19	2,621	2,016
Printing and marketing	10,938	159	11,097	7,717
Professional fees	4,740	1,029	5,769	10,275
Rental and maintenance of equipment	7,416	1,118	8,534	8,401
Supplies	2,606	152	2,758	3,613
Telephone and communications	2,909	617	3,526	2,207
Special events	5,609	-	5,609	12,996
Donated services	17,853	-	17,853	3,017
United Way Worldwide	5,745	1,224	6,969	6,729
Depreciation	5,185	1,105	6,290	5,219
	<b>\$ 300,926</b>	<b>\$ 73,352</b>	<b>\$ 374,278</b>	<b>\$ 328,327</b>