

FINANCIAL STATEMENTS

HEAD OF THE LAKES UNITED WAY
DULUTH, MINNESOTA

FOR THE YEARS ENDED
JUNE 30, 2024 AND 2023



Head of the Lakes
UNITED WAY

Head of the Lakes United Way
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June 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Head of the Lakes United Way
Duluth, Minnesota

Opinion

We have audited the accompanying financial statements of Head of the Lakes United Way (the Organization), a Minnesota nonprofit corporation, which comprise the statements of financial position as of June 30, 2024 and 2023, 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 financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards, 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.



Abdo
Minneapolis, Minnesota
March 25, 2025



FINANCIAL STATEMENTS

Head of the Lakes United Way
Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 586,655	\$ 628,984
Contributions receivable, less allowance for uncollectibles of \$78,556 and \$62,878, respectively.	176,543	257,055
Other receivables	1,853	94,087
Prepaid expenses	14,814	8,455
Total Current Assets	779,865	988,581
Property and Equipment		
Furniture and equipment	114,396	206,588
Leasehold improvements	-	47,553
Total Property and Equipment, Cost	114,396	254,141
Less Accumulated Depreciation	(98,669)	(235,614)
Total Property and Equipment, Net	15,727	18,527
Other Assets		
Investments	292,817	356,785
Beneficial interest in perpetual trust	6,697,230	6,157,468
Beneficial interest in assets held by others	734,121	639,297
Unemployment service trust	24,784	21,723
Security deposit	2,274	-
Total Other Assets	7,751,226	7,175,273
Total Assets	\$ 8,546,818	\$ 8,182,381

See Independent Auditor's Report and Notes to the Financial Statements.

Head of the Lakes United Way
 Statements of Financial Position (Continued)
 June 30, 2024 and 2023

	2024	2023
Liabilities and Net Assets		
Current Liabilities		
Allocations and designations payable	\$ 465,267	\$ 638,266
Accounts payable	47,031	19,181
Accrued expenses	46,393	60,256
Total Liabilities	558,691	717,703
Net Assets		
Without donor restrictions		
Undesignated	70,806	115,711
Board designated	1,209,112	1,174,288
Total without donor restrictions	1,279,918	1,289,999
With donor restrictions	6,708,209	6,174,679
Total Net Assets	7,988,127	7,464,678
Total Liabilities and Net Assets	\$ 8,546,818	\$ 8,182,381

See Independent Auditor's Report and Notes to the Financial Statements.

Head of the Lakes United Way
Statements of Activities
For the Years Ended June 30, 2024 and 2023

	2024		Total
	Without Donor Restrictions	With Donor Restrictions	
Support and Revenue			
Support			
Annual campaign results	\$ 1,055,393	\$ 6,533	\$ 1,061,926
Annual campaign results in prior year, releases from restriction	12,766	(12,766)	-
Total campaign results	<u>1,068,159</u>	<u>(6,233)</u>	<u>1,061,926</u>
Perpetual trust contribution	300,004	-	300,004
Other contributions	922	-	922
Special events, net of expenses of \$12,006	4,942	-	4,942
Donated goods and services	52,576	-	52,576
Total Support	<u>1,426,603</u>	<u>(6,233)</u>	<u>1,420,370</u>
Revenue			
Investment loss	(214,903)	-	(214,903)
Change in beneficial interest in assets held by others	94,824	-	94,824
Change in beneficial interest in perpetual trust	-	539,763	539,763
Interest and dividends	244,589	-	244,589
Total Revenue	<u>124,510</u>	<u>539,763</u>	<u>664,273</u>
Total Support and Revenue	<u>1,551,113</u>	<u>533,530</u>	<u>2,084,643</u>
Expenses			
Program services	910,184	-	910,184
Supporting services			
Management and general	315,594	-	315,594
Fundraising	335,416	-	335,416
Total supporting services	<u>651,010</u>	<u>-</u>	<u>651,010</u>
Total Expenses	<u>1,561,194</u>	<u>-</u>	<u>1,561,194</u>
Change in Net Assets	(10,081)	533,530	523,449
Net Assets, Beginning of Year	<u>1,289,999</u>	<u>6,174,679</u>	<u>7,464,678</u>
Net Assets, End of Year	<u>\$ 1,279,918</u>	<u>\$ 6,708,209</u>	<u>\$ 7,988,127</u>

See Independent Auditor's Report and Notes to the Financial Statements.

Head of the Lakes United Way
Statements of Activities (Continued)
For the Years Ended June 30, 2024 and 2023

	2023		Total
	Without Donor Restrictions	With Donor Restrictions	
Support and Revenue			
Support			
Annual campaign results	\$ 1,125,843	\$ 12,766	\$ 1,138,609
Annual campaign results in prior year, releases from restriction	7,553	(7,553)	-
Total campaign results	<u>1,133,396</u>	<u>5,213</u>	<u>1,138,609</u>
Less donor designated contributions	(60,738)	-	(60,738)
Net campaign revenue	<u>1,072,658</u>	<u>5,213</u>	<u>1,077,871</u>
Perpetual trust contribution	525,533	-	525,533
Duluth-Superior Area Community Foundation contribution	44,478	-	44,478
Other contributions	78,765	-	78,765
Special events, net of expenses of \$7,613	12,013	-	12,013
Donated goods and services	20,108	-	20,108
Total Support	<u>1,753,555</u>	<u>5,213</u>	<u>1,758,768</u>
Revenue			
Investment loss	(167,969)	-	(167,969)
Change in beneficial interest in assets held by others	14,622	-	14,622
Change in beneficial interest in perpetual trust	-	259,020	259,020
Interest and dividends	138,771	-	138,771
Miscellaneous	22,892	-	22,892
Total Revenue	<u>8,316</u>	<u>259,020</u>	<u>267,336</u>
Total Support and Revenue	<u>1,761,871</u>	<u>264,233</u>	<u>2,026,104</u>
Expenses			
Program services	1,143,000	-	1,143,000
Supporting services			
Management and general	270,711	-	270,711
Fundraising	344,595	-	344,595
Total Supporting Services	<u>615,306</u>	<u>-</u>	<u>615,306</u>
Total Expenses	<u>1,758,306</u>	<u>-</u>	<u>1,758,306</u>
Change in Net Assets	3,565	264,233	267,798
Net Assets, Beginning of Year	<u>1,286,434</u>	<u>5,910,446</u>	<u>7,196,880</u>
Net Assets, End of Year	<u>\$ 1,289,999</u>	<u>\$ 6,174,679</u>	<u>\$ 7,464,678</u>

See Independent Auditor's Report and Notes to the Financial Statements.

Head of the Lakes United Way
Statements of Functional Expenses
For the Years Ended June 30, 2024 and 2023

	2024			Total Expenses
	Program Services	Supporting Services Management and General	Fundraising	
Allocations and Expenses				
Allocations				
Allocations to agencies for programs	\$ 607,227	\$ -	\$ -	\$ 607,227
Salaries and Related Expenses				
Salaries	179,725	181,201	199,190	560,116
Payroll taxes	13,692	13,692	15,403	42,787
Employee benefits	34,220	34,220	38,497	106,937
Total Salaries and Related Expenses	227,637	229,113	253,090	709,840
Other Expenses				
Conferences, conventions and meetings	3,423	176	6,757	10,356
Insurance	490	1,863	915	3,268
Dues and subscriptions	1,754	2,390	1,251	5,395
UWA dues	4,989	6,800	3,558	15,347
Other	3,917	14,883	7,310	26,110
Occupancy	14,904	9,761	13,693	38,358
Postage	-	660	819	1,479
Printing and marketing	1,868	496	1,123	3,487
Professional fees	13,438	32,134	12,853	58,425
Equipment rental and maintenance	2,093	1,415	1,989	5,497
Supplies	2,159	2,925	1,880	6,964
Telephone and communications	4,051	1,400	4,135	9,586
Informational technology	14,234	4,684	16,307	35,225
Travel expenses	1,994	151	3,913	6,058
Banking fees	1,228	4,666	2,292	8,186
Depreciation	4,778	2,077	3,531	10,386
Total Expenses	302,957	315,594	335,416	953,967
Total Allocations and Expenses	\$ 910,184	\$ 315,594	\$ 335,416	\$ 1,561,194

See Independent Auditor's Report and Notes to the Financial Statements.

Head of the Lakes United Way
Statements of Functional Expenses (Continued)
For the Years Ended June 30, 2024 and 2023

	2023			Total Expenses
	Program Services	Supporting Services Management and General	Fundraising	
Allocations and Expenses				
Allocations				
Gross allocations to agencies for programs	\$ 890,626	\$ -	\$ -	\$ 890,626
Less: donor-designated contributions	(60,738)	-	-	(60,738)
Net Allocations Awarded	<u>829,888</u>	<u>-</u>	<u>-</u>	<u>829,888</u>
Salaries and Related Expenses				
Salaries	202,826	126,968	214,856	544,650
Payroll taxes	14,658	9,768	14,892	39,318
Employee benefits	42,544	28,508	51,257	122,309
Total Salaries and Related Expenses	<u>260,028</u>	<u>165,244</u>	<u>281,005</u>	<u>706,277</u>
Other Expenses				
Conferences, conventions and meetings	4,707	1,517	1,735	7,959
Insurance	-	4,351	-	4,351
UWA dues	-	26,994	-	26,994
Membership dues	621	1,056	3,226	4,903
Other	1,679	583	-	2,262
Occupancy	15,184	17,491	10,900	43,575
Postage	32	23	1,194	1,249
Printing and marketing	1,069	1,829	3,600	6,498
Professional fees	163	40,891	562	41,616
Rental and maintenance of equipment	2,876	879	4,222	7,977
Supplies	770	855	775	2,400
Telephone and communications	3,130	574	4,498	8,202
Donated goods and services	1,414	54	6,712	8,180
Information technology	16,926	4,919	15,623	37,468
Travel	685	174	2,071	2,930
Banking fees	-	1,474	3,997	5,471
Depreciation	3,828	1,803	4,475	10,106
Total Expenses	<u>313,112</u>	<u>270,711</u>	<u>344,595</u>	<u>928,418</u>
Total Allocations and Expenses	<u>\$ 1,143,000</u>	<u>\$ 270,711</u>	<u>\$ 344,595</u>	<u>\$ 1,758,306</u>

See Independent Auditor's Report and Notes to the Financial Statements.

Head of the Lakes United Way
Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ 523,449	\$ 267,798
Adjustment to reconcile change in net assets to net cash used by operating activities:		
Depreciation	10,386	10,106
Change in allowance for uncollectible contributions	15,678	(2,463)
Unrealized/realized (gain) loss on investments	(888,619)	(771,603)
Change in assets and liabilities:		
Contribution receivable	64,834	(25,417)
Other receivables	92,234	(54,982)
Prepaid expenses	(6,359)	3,462
Unemployment service trust	(3,061)	(21,723)
Security deposit	(2,274)	-
Allocations payable and designated pledges	(172,999)	(110,083)
Accounts payable	27,850	13,142
Accrued expenses	(13,863)	11,176
Net Cash Used by Operating Activities	(352,744)	(680,587)
Cash Flows from Investing Activities		
Proceeds from sale of beneficial interests	300,004	531,127
Reinvested cash receipts of beneficial interests	(45,972)	-
Purchase of investments	(24,203)	(88,823)
Proceeds of certificated of deposit	346,727	-
Purchase of certificates of deposit	(258,556)	(300,000)
Grants paid from trust	-	51,193
Reinvested interest on certificates of deposit	-	(120)
Purchase of property and equipment	(7,585)	(5,092)
Net Cash Provided by Investing Activities	310,415	188,285
Change in Cash and Cash Equivalents	(42,329)	(492,302)
Beginning Cash and Cash Equivalents	628,984	1,121,286
Ending Cash and Cash Equivalents	\$ 586,655	\$ 628,984
Supplemental Disclosure		
Disposal of fully depreciated fixed assets	\$ 147,331	\$ -

See Independent Auditor's Report and Notes to the Financial Statements.

Head of the Lakes United Way
Notes to the Financial Statements
June 30, 2024 and 2023

Note 1: Summary of Significant Accounting Policies

A. Nature of Activities

Head of the Lakes United Way (the Organization) is a voluntary health and welfare nonprofit entity organized to lead a united response to the human service needs of the Ashland-Bayfield, Greater Duluth, Lake and Cook counties, and Superior-Douglas County Communities.

B. Basis of Presentations

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Contributions received are recorded as an increase in support without donor restrictions or with donor restrictions, depending on the existence and nature of donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions - Resources over which the Organization has discretionary control. Designated amounts represent revenue, which the Board of Directors has set aside for a particular purpose.

With Donor Restrictions - Resources subject to donor-imposed restrictions, which will be satisfied by actions of the Organization or passage of time. Restricted contributions received in the same year in which the restrictions are met are recorded as an increase to support with donor restrictions at the time of receipt and as net assets released from restrictions.

C. Use of 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 revenue and expenditures during the reporting period. Actual results could differ from those estimates.

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents. The Organization's cash balances held in bank depositories may exceed federally insured limits at times.

E. Support and Revenue Recognition Policy

The Organization follows the provisions of Accounting Standards Codification 606, *Contracts with Customers* on revenues derived from its events, admissions, and 2-1-1 Program services.

In the case of events, revenue is recognized at the time the event(s) is held, which is at a point in time. In the case of admissions, revenue is recognized at the time the event(s) is held, which is at a point in time. In the case of the 2-1-1 Program services, revenue is recognized at the time the service is performed, which is at a point in time.

Head of the Lakes United Way
Notes to the Financial Statements
June 30, 2024 and 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Performance Obligations

The performance obligation related to events is satisfied upon completion of the event; therefore, the Organization recognizes revenue at a point in time. The performance obligation related to admissions is satisfied upon completion of the event; therefore, the Organization recognizes revenue at a point in time. The performance obligation related to the 2-1-1 Program services is satisfied upon completion of the service; therefore, the Organization recognizes revenue at a point in time.

Contract Balances

Billing primarily occurs concurrently with recognition of revenue. However, the Organization may offer payment terms resulting in accounts receivable, which are considered contract assets. Accounts receivable included on the statement of financial position represent all amounts billed and additional amounts recorded as accrued unbilled revenue as of June 30, 2024, June 30, 2023, and July 01, 2022. Accounts receivable contract balances as of June 30, 2024, June 30, 2023, and July 01, 2022 were \$1,853, \$1,846, and \$2,638, respectively.

The Organization's other revenues are explicitly excluded from the scope of ASC Topic 606 and are not recorded in accordance with that standard.

Contributions Income

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, 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

F. Donated Goods and Services

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their values in the period received.

Several individuals volunteer their time and perform a variety of tasks that assist the Organization, but do not meet the criteria for recognition as contributed services and have not been reported in these financial statements.

G. Investments

Investments in mutual funds with readily determinable fair values are measured at fair value in the statements of financial position. 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. Investment income or loss, including gains and losses on investments, interest, and dividends, is included in the statements of activities as increases or decreases in unrestricted net assets unless the gains or losses are restricted by donor stipulations or by law. Investments in certificates of deposit are reported at amortized cost.

Head of the Lakes United Way
Notes to the Financial Statements
June 30, 2024 and 2023

Note 1: Summary of Significant Accounting Policies (Continued)

H. 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. Balances of the allowance for uncollectible contributions as of June 30, 2024 and 2023 were \$78,556 and \$62,878, respectively.

I. Other Receivables

Other receivables include grant receivable, service fee receivable, and distribution receivable from the beneficial interest assets. Other receivables are stated at the amount management expects to collect from balances outstanding at year-end. Management considers all amounts are expected to be collected in less than one year; accordingly, no allowance for credit losses is recorded. If amounts become uncollectible, they are charged to activities when that determination is made.

J. Property and Equipment

Property and equipment acquisitions are recorded at cost. When equipment and improvements are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts. Any resulting gain or loss on disposal is recognized as income or expense at the time of retirement or disposal. Maintenance and repair expenditures are expensed as incurred. The Organization's policy is to capitalize assets with a cost greater than \$500. Depreciation is computed using the straight-line basis over the estimated useful life of the assets as follows:

	<u>Useful Life</u>
Leasehold improvements	5 - 15 years
Furniture and equipment	3 - 10 years

Depreciation expense was \$10,386 and \$10,106 for the years ended June 30, 2024 and 2023.

K. 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.

L. Income Taxes

The Organization is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 290.05.

M. Advertising

Advertising costs are generally charged in the year incurred and are included in marketing expense. Advertising costs for 2024 and 2023 were \$3,487 and \$6,498, respectively.

N. Subsequent Events

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 25, 2025, the date the financial statements were available to be issued.

Head of the Lakes United Way
Notes to the Financial Statements
June 30, 2024 and 2023

Note 1: Summary of Significant Accounting Policies (Continued)

O. New Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This ASU amends the guidance on the impairment of financial instruments and adds an impairment model, known as the current expected credit losses model, that is based on expected losses rather than incurred losses. Under the new guidance, an entity recognizes, as an allowance, its estimate of expected credit losses over the contractual life of a financial asset. In November 2019, the FASB issued ASU 2019-10, *Financial Instruments – Credit Losses (Topic 326)*, which defers the effective date to annual reporting periods beginning after December 15, 2022, with early adoption permitted. The Organization adopted the standard effective date July 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

Note 2: Fair Value Measurements

The Organization has adopted ASC Topic 820, *Fair Value Measurements and Disclosures*. ASC Topic 820 applies to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. It emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that the market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value, as follows:

Level 1 - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Inputs that included quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 - Inputs that are unobservable inputs for the assets or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls into is based on the lowest level input that is significant to the fair value measurement in its entity.

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

Money Market Funds: Valued at cash value

Certificates of Deposit: Valued at cash value

Mutual Funds: Valued at the daily closing price as reported by the fund

Beneficial Interest in Perpetual Trust: Valued at the daily closing price as reported by the trustee

Beneficial Interest in Assets Held by Others: Valued at the daily closing price as reported by the community foundation

Head of the Lakes United Way
Notes to the Financial Statements
June 30, 2024 and 2023

Note 2: Fair Value Measurements (Continued)

The following table summarizes the investments at their respective value measurements.

June 30, 2024

	Level 1	Level 2	Level 3	Total
Beneficial interest in perpetual trust	\$ -	\$ -	\$ 6,697,230	\$ 6,697,230
Beneficial interest in assets held by others	-	-	734,121	734,121
Certificates of deposit	258,556	-	-	258,556
Money market funds	34,261	-	-	34,261
Total	\$ 292,817	\$ -	\$ 7,431,351	\$ 7,724,168

June 30, 2023

	Level 1	Level 2	Level 3	Total
Beneficial interest in perpetual trust	\$ -	\$ -	\$ 6,157,468	\$ 6,157,468
Beneficial interest in assets held by others	-	-	639,297	639,297
Certificates of deposit	346,727	-	-	346,727
Mutual funds	10,058	-	-	10,058
Total	\$ 356,785	\$ -	\$ 6,796,765	\$ 7,153,550

Note 3: Certificates of Deposit

The organization has invested in one certificate of deposit during the year ended June 30, 2024 and one in the year ended 2023. The certificates of deposit vary in maturity lengths of five months to a year and vary in interest rates from 2.95% to 4.982%. The value of the certificates of deposit at June 30, 2024 and 2023 are \$258,556 and \$346,727, respectively.

Note 4: Beneficial Interest in Perpetual Trust

The Organization is the sole beneficiary of the yearly income derived from the assets of Head of the Lakes United Way Trust. The beneficial interest in perpetual trust is recorded at fair value, which is estimated as the fair value of the underlying trust assets. The changes are as follows for the years ended June 30:

	2024	2023
Beneficial interest, beginning of year	\$ 6,157,468	\$ 5,898,447
(Decrease) increase in beneficial interest	839,766	784,554
Amount distributed	(300,004)	(525,533)
Beneficial interest, end of year	\$ 6,697,230	\$ 6,157,468

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

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Notes to the Financial Statements
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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, 2024 and 2023 is included in the statements of financial position 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.

	2024	2023
Beneficial interest, beginning of year	\$ 639,297	\$ 624,676
(Decrease) increase in beneficial interest	94,824	65,813
Amount distributed	-	(51,192)
Beneficial interest, end of year	\$ 734,121	\$ 639,297

The portion of the Fund contributed by unrelated third-party donors is considered a contribution to the Foundation. This portion of the Fund, \$757,483 and \$659,656 at June 30, 2024 and 2023, respectively, has not been recorded as an asset on these financial statements.

Note 6: Allocations and Designated Payable

Allocations and designated payable consisted of the following at June 30:

	2024	2023
Community care allocations payable	\$ 448,948	\$ 577,548
Donor-designated contributions	16,319	60,718
Total Allocations	\$ 465,267	\$ 638,266

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 contributions are not included in revenue of the Organization. During the years ended June 30, 2024 and 2023, the Organization did not raise any donor-designated contributions.

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Note 7: Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following on June 30:

	2024	2023
Beneficial interest in perpetual trust (perpetual restriction)	\$ 6,697,230	\$ 6,157,468
Contributions for the subsequent fiscal year's campaign (time restriction)	6,533	12,766
Women's Leadership Council (purpose restriction)	4,446	4,445
Total With Donor Restriction	\$ 6,708,209	\$ 6,174,679

Investment income received from the perpetual trust is unrestricted.

Note 8: 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. In addition, the contribution received related to the acquisition of United Way-Superior-Douglas County, Inc. less expenditures incurred related to United Way of Superior-Douglas County, Inc., has been designated for use to support the campaigns related to Wisconsin Programs.

Board-designated net assets were as follows for the years ending June 30:

	2024	2023
DSCAF United Way endowment	\$ 734,121	\$ 639,297
Strategic business practices	315,298	315,298
Wisconsin programs	147,784	207,784
Property and equipment	11,909	11,909
Total Board Designated Net Assets	\$ 1,209,112	\$ 1,174,288

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Note 9: Donated Goods and Services

In-kind goods and services consist of the following for the years ended June 30:

	2024	2023	Usage in Programs/Activities	Fair Value Techniques
Stock gifts	\$ 34,261	\$ 9,873	Various programs	Estimated FMV at date of receipt
Miscellaneous goods	7,176	3,523	Various programs	Estimated FMV at date of receipt
Miscellaneous services	4,503	-	Various programs	Estimated FMV at date of receipt
School supplies	4,271	-	Stuff the Bus	Estimated FMV at date of receipt
Silent auction items	2,364	6,712	Fundraising	Estimated FMV at date of receipt
Total Donated Goods and Services	\$ 52,575	\$ 20,108		

None of the items received are subject to donor-imposed restrictions.

Note 10: Allocations to Agencies

Allocations were as follows:

Agency Name	Allocation Amount	Q1 pmt 5.15.24	Balance Payable
American Red Cross	\$ 1,853	\$ 463	\$ 1,390
Arc Northland	1,808	452	1,356
Arc Northland	6,598	1,650	4,949
Boys & Girls Clubs of the Northland	9,445	2,361	7,084
Center City Housing	10,982	2,746	8,237
Children's Dental Services	3,299	825	2,474
CHUM	14,867	3,717	11,150
Community Action Duluth	12,382	3,096	9,287
Damiano of Duluth	14,417	3,604	10,813
Duluth Area Family YMCA	7,276	1,819	5,457
Duluth Community Schools Collaborative	24,811	6,203	18,609
Duluth Superior Area Educational Television Corporation (WDSE)	11,886	-	11,886
First Witness Child Advocacy Center	15,366	3,842	11,525
Girls Scouts of MN & WI Lakes and Pines	1,672	418	1,254
Human Development Center	26,438	6,610	19,829
Just Kids Dental	3,119	780	2,339
Lake Superior Community Health Center	13,241	3,310	9,931
Legal Aid Service of Northeast Minnesota	26,438	6,610	19,829
Life House	32,266	8,067	24,200
Lutheran Social Service of Minnesota	14,551	3,638	10,914
Men as Peacemakers	11,072	2,768	8,304
Mentor North	18,212	4,553	13,659
Positive Energy Outdoors	1,310	328	983
Safe Haven Shelter	10,935	2,734	8,201

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Notes to the Financial Statements
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Note 10: Allocations to Agencies (Continued)

Agency Name	Allocation Amount	Q1 pmt 5.15.24	Balance Payable
Second Harvest Northern Lakes Food Bank	\$ 6,598	\$ 1,650	\$ 4,949
SOAR Career Solutions	18,166	4,542	13,624
The Salvation Army	18,392	4,598	13,794
Welch Center Inc dba Valley Youth Center	17,398	4,350	13,049
YWCA Duluth	11,931	2,983	8,948
Family Freedom Center	35,429	8,858	26,573
Family Rise Together	33,080	8,270	24,810
Lincoln Park Children & Families Collaborative	13,241	3,310	9,931
Western Lake Superior Habitat for Humanity	3,480	870	2,610
Duluth Area Community Care allocations	\$ 451,959	\$ 110,022	\$ 341,945
Care Partners of Cook County	\$ 4,264	\$ 1,066	\$ 3,198
Community Partners	6,929	1,732	5,197
Just Kids Dental	3,190	798	2,393
North Shore Area Partners	7,392	1,848	5,544
Second Harvest Northern Lakes Food Bank	1,385	346	1,039
Two Harbors Food Shelf	2,431	-	2,431
Western Lake Superior Habitat for Humanity	6,928	1,732	5,196
North Shore Community Care allocations	\$ 32,519	\$ 7,522	\$ 24,997
Northwoods Women Inc dba New Day Advocacy Center	\$ 8,326	\$ 2,082	\$6,245
Second Harvest Northern Lakes Food Bank	1,664	416	1,248
The BRICK Ministries	9,992	2,498	7,494
Ashland/Bayfield Community Care allocations	\$ 19,982	\$ 4,996	\$ 14,987
American Red Cross	\$ 3,197	\$ 799	\$2,398
Boys & Girls Clubs of the Northland	10,668	2,667	8,001
Center Against Sexual & Domestic Abuse (CASDA)	19,445	4,861	14,584
Faith United Methodist Church dba Harbor House Crisis Center	17,060	-	17,060
Human Development Center	21,326	5,332	15,995
Just Kids Dental	6,373	1,593	4,780
Mentor North	15,992	3,998	11,994
Second Harvest Northern Lakes Food Bank	6,403	1,601	4,802
Superior Vocations Center dba Embark Supported Employment	2,303	576	1,727
Superior/Douglas Community Care allocations	\$ 102,767	\$ 21,427	\$ 81,340
2021 designated payable			1,691
2022 designated payable			8,170
2024 designated payable			6,458
Total Community Care allocations			\$ 479,583

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Note 11: 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% of each covered employee's salary with less than five years of service. Contributions are 6.0% of each covered employee's salary with five years or more of service. Total contributions were \$19,967 and \$31,632 for the years ended June 30, 2024 and 2023, respectively.

Note 12: Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of June 30:

	2024	2023
Cash and cash equivalents	\$ 586,655	\$ 628,984
Investments	292,817	356,785
Beneficial interest in perpetual trust	6,697,230	6,157,468
Beneficial interest in assets held by others	734,121	639,297
Contributions receivable	176,543	257,055
Other receivables	1,853	94,087
Total financial assets	8,489,219	8,133,676
Less assets unavailable for use in the next year:		
Net assets with donor restrictions, net of those available within one year for ongoing and central programs	(6,708,209)	(6,174,679)
Board designated net assets	(1,209,112)	(1,174,288)
Total assets unavailable for use in the next year	(7,917,321)	(7,348,967)
Financial assets available to meet cash needs for general expenditures within one year	\$ 571,898	\$ 784,709

The Organization's goal is generally to maintain financial assets to meet the Board-designated net assets (\$1,209,112), Community Care allocations payable at the end of the year (\$465,267) and three months of other program services and supporting services expenses (approximately \$238,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts.