



# **Head of the Lakes United Way**

**Financial Statements**

**June 30, 2025 and 2024**

## Head of the Lakes United Way Table of Contents

Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9



## Independent Auditor's Report

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

### ***Opinion***

We have audited the financial statements of Head of the Lakes United Way, which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Head of the Lakes United Way as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

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

### ***Other Matters***

The financial statements of Head of the Lakes United Way for the year ended June 30, 2024, before the restatement described in Note 11, were audited by another auditor whose report dated March 25, 2025, expressed an unmodified opinion on those statements.

As part of our audit of the June 30, 2025 financial statements, we also audited the adjustments described in Note 11 that were applied to restate the 2024 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2024 financial statements of the entity other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2024 financial statements as a whole.

### ***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 Head of the Lakes United Way's ability to continue as a going concern for one year after the date that the financial statements were 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 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 Head of the Lakes United Way'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 Head of the Lakes United Way'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.

*Bergan KDV, Ltd.*

Waterloo, Iowa  
January 27, 2026

**Head of the Lakes United Way  
Statements of Financial Position  
As of June 30, 2025 and 2024**

	2025	2024
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 753,632	\$ 586,655
Contributions receivable, less allowance for uncollectibles of \$61,438 and \$78,556, respectively	228,666	176,543
Other receivables	8,740	1,853
Prepaid expenses	14,022	14,814
Total current assets	1,005,060	779,865
Investments	81,563	292,817
Beneficial interest in perpetual trust	6,905,054	6,697,230
Beneficial interest in assets held by others	777,836	734,121
Property and equipment, net	9,726	15,727
Unemployment service trust	3,045	24,784
Security deposit	2,274	2,274
Total assets	\$ 8,784,558	\$ 8,546,818
<b>Liabilities and Net Assets</b>		
Current liabilities		
Allocations and designations payable	\$ 480,087	\$ 465,267
Accounts payable	21,300	47,031
Accrued expenses	57,776	46,393
Total current liabilities	559,163	558,691
Net assets		
Without donor restrictions		
Undesignated	819	70,806
Board designated	491,056	474,991
Total net assets without donor restrictions	491,875	545,797
With donor restrictions	7,733,520	7,442,330
Total net assets	8,225,395	7,988,127
Total liabilities and net assets	\$ 8,784,558	\$ 8,546,818

See notes to financial statements.

**Head of the Lakes United Way  
Statement of Activities  
Year Ended June 30, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>			
<b>Support</b>			
Annual campaign results	\$ 864,829	\$ 14,056	\$ 878,885
Annual campaign results in prior year, releases from restriction	6,533	(6,533)	-
Total campaign results	871,362	7,523	878,885
Less donor designated contributions	(36,346)	-	(36,346)
Net campaign revenue	835,016	7,523	842,539
Perpetual trust contribution	310,048	-	310,048
Grants	104,873	32,128	137,001
Other contributions	152,221	-	152,221
Special events, net of expenses of \$10,768	16,543	-	16,543
Donated goods and services	14,242	-	14,242
Total support	1,432,943	39,651	1,472,594
<b>Revenue</b>			
Investment return, net	41,490	-	41,490
Change in beneficial interest in perpetual trust	-	207,824	207,824
Change in beneficial interest in assets held by others	-	101,778	101,778
Other income	16,541	-	16,541
Net assets released from restriction	58,063	(58,063)	-
Total revenue	116,094	251,539	367,633
Total support and revenue	1,549,037	291,190	1,840,227
<b>Expenses</b>			
Program services	918,054	-	918,054
Management and general	321,127	-	321,127
Fundraising	363,778	-	363,778
Total expenses	1,602,959	-	1,602,959
Change in net assets	(53,922)	291,190	237,268
Net assets, beginning of year	545,797	7,442,330	7,988,127
Net assets, end of year	\$ 491,875	\$ 7,733,520	\$ 8,225,395

See notes to financial statements.

**Head of the Lakes United Way  
Statement of Activities  
Year Ended June 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue</b>			
<b>Support</b>			
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>
<b>Revenue</b>			
Investment return, net	29,686	-	29,686
Change in beneficial interest in perpetual trust	-	539,763	539,763
Change in beneficial interest in assets held by others	-	94,824	94,824
Total revenue	<u>29,686</u>	<u>634,587</u>	<u>664,273</u>
Total support and revenue	<u>1,456,289</u>	<u>628,354</u>	<u>2,084,643</u>
<b>Expenses</b>			
Program services	910,184	-	910,184
Management and general	315,594	-	315,594
Fundraising	335,416	-	335,416
Total expenses	<u>1,561,194</u>	<u>-</u>	<u>1,561,194</u>
Change in net assets	<u>(104,905)</u>	<u>628,354</u>	<u>523,449</u>
Net assets, beginning of year	<u>650,702</u>	<u>6,813,976</u>	<u>7,464,678</u>
Net assets, end of year	<u>\$ 545,797</u>	<u>\$ 7,442,330</u>	<u>\$ 7,988,127</u>

See notes to financial statements.

**Head of the Lakes United Way  
Statement of Functional Expenses  
Year Ended June 30, 2025**

	Program Services	Management and General	Fundraising	Total Expenses
Allocations to agencies for programs	\$ 604,163	\$ -	\$ -	\$ 604,163
Salaries and related expenses				
Salaries	176,185	204,652	224,600	605,437
Payroll taxes	13,061	38,051	16,688	67,800
Employee benefits	34,146	16,266	54,217	104,629
Total salaries and related expenses	<u>223,392</u>	<u>258,969</u>	<u>295,505</u>	<u>777,866</u>
Other expenses				
Conferences, conventions and meetings	7,412	2,065	1,101	10,578
Insurance	-	4,010	-	4,010
Dues and subscriptions	45	1,281	3,245	4,571
UWA dues	6,311	5,676	2,733	14,720
Occupancy	12,733	7,630	10,705	31,068
Postage	63	442	1,577	2,082
Printing and marketing	3,086	114	3,282	6,482
Professional fees	13,964	21,467	12,372	47,803
Equipment rental and maintenance	3,545	1,339	3,362	8,246
Supplies	18,970	2,371	2,454	23,795
Telephone and communications	2,871	1,502	2,373	6,746
Informational technology	15,413	3,495	14,609	33,517
Travel expenses	3,178	3,482	3,078	9,738
Banking fees	693	2,104	6,207	9,004
Depreciation	2,215	5,180	1,175	8,570
Total expenses by function	<u>\$ 918,054</u>	<u>\$ 321,127</u>	<u>\$ 363,778</u>	<u>\$ 1,602,959</u>

**Head of the Lakes United Way  
Statement of Functional Expenses  
Year Ended June 30, 2024**

	Program Services	Management and General	Fundraising	Total Expenses
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	<u>227,637</u>	<u>229,113</u>	<u>253,090</u>	<u>709,840</u>
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 by function	<u>\$ 910,184</u>	<u>\$ 315,594</u>	<u>\$ 335,416</u>	<u>\$ 1,561,194</u>

**Head of the Lakes United Way**  
**Statements of Cash Flows**  
**Years Ended June 30, 2025 and 2024**

	2025	2024
<b>Cash Flows - Operating Activities</b>		
Change in net assets	\$ 237,268	\$ 523,449
Adjustments to reconcile change in net assets to net cash flows - operating activities		
Depreciation	8,570	10,386
Loss on disposal of property and equipment	3,092	-
Change in allowance for uncollectible contributions	(17,118)	15,678
Change in beneficial interest in perpetual trust	(207,824)	(539,762)
Change in beneficial interest in assets held by others	(101,778)	(94,824)
Changes in operating assets and liabilities		
Contributions receivable	(35,005)	64,834
Other receivables	(6,887)	92,234
Prepaid expenses	792	(6,359)
Unemployment service trust	21,739	(3,061)
Security deposit	-	(2,274)
Allocations and designations payable	14,820	(172,999)
Accounts payable	(25,731)	27,850
Accrued expenses	11,383	(13,863)
Net cash flows - operating activities	(96,679)	(98,711)
<b>Cash Flows - Investing Activities</b>		
Distributions from beneficial interest in assets held by others	58,063	-
Proceeds from redemption of investments	240,320	346,727
Purchase and reinvestments of investments	(29,066)	(282,760)
Purchase of property and equipment	(5,661)	(7,585)
Net cash flows - investing activities	263,656	56,382
Net change in cash and cash equivalents	166,977	(42,329)
<b>Cash and Cash Equivalents</b>		
Beginning of year	586,655	628,984
End of year	\$ 753,632	\$ 586,655

See notes to financial statements.

## Head of the Lakes United Way Notes to Financial Statements

### NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

#### **Nature of Organization**

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 and Bayfield Counties, Greater Duluth, Lake and Cook Counties, and Superior-Douglas County communities.

#### **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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Cash and Cash Equivalents**

Cash equivalents include highly liquid investments, with original maturities of three months or less, that are recorded at cost plus accrued interest, which approximates fair value. The Organization places its cash and cash equivalents with a limited number of financial institutions which, at times, are in excess of the FDIC insurance limit.

#### **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.

#### **Investments**

Investments consist of money market funds and certificates of deposit, recorded at cost plus accrued interest, which approximates fair value.

#### **Beneficial Interest in Perpetual Trust**

The Organization is the sole beneficiary of the yearly income derived from 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. Distributions from the perpetual trust are unrestricted.

#### **Beneficial Interest in Assets Held by Others**

The Organization has contributed funds to the Boreal Waters Community Foundation, formerly known as the Duluth Superior Area Community Foundation (the Foundation) for the benefit of the Organization. Control over the investment or reinvestment of these funds is exercised exclusively by the Foundation. A portion of the fund's earnings is made available for distribution to the Organization periodically. The transactions with the Foundation are deemed to be reciprocal, and therefore, the fair value of the fund held by the Foundation is recognized as an asset by the Organization. Distributions from the Foundation are unrestricted.

## Head of the Lakes United Way Notes to Financial Statements

### NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Property and Equipment

Property and equipment are stated at cost, or fair value if donated, with depreciation computed under the straight-line method over the economic useful lives of the assets. The Organization's policy is to capitalize all property and equipment purchases in excess of \$1,000 with a useful life of more than one year. Maintenance and repair expenditures are expensed as incurred.

#### Long-Lived Assets

The Organization records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. There were no impairment losses for the years ended June 30, 2025 and 2024.

#### Allocations and Designations Payable

Allocations payables are recorded as liabilities and expenses at the point they are approved by the Board of Directors. Allocations with substantial conditions are not recognized until the conditions on which they depend are met.

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.

#### Net Assets

Net assets and support and revenue are classified based on the existence or absence of donor-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. If the Board of Directors specifies a purpose where none has been stated by the original donor, such funds are classified as designated without 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. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) 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. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

#### Revenue Recognition

The Organization recognizes contributions, measured at fair value on the date received, when cash, securities or other assets, an unconditional promise to give, or notification of an irrevocable beneficial interest is received. Conditional promises to give which contain a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been substantially met. As of June 30, 2025 and 2024, the Organization did not have any conditional promises to give.

## Head of the Lakes United Way Notes to Financial Statements

### NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **Donor Designated Transactions**

Certain funds can be designated by donors to the Organization's partner agencies, nonaffiliated organizations, churches, or other government agencies or not-for-profit entities. The Organization has adopted a policy of reflecting these contributions in the campaign results in the statement of activities. These contributions are then deducted to reflect the amount of revenue under accounting principles generally accepted in the United States of America.

#### **Donated Goods and Services**

A substantial number of volunteers donate a significant amount of time to the Organization's programs and its annual fundraising campaign. Contributed services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. No amounts have been recognized in the statement of activities for these services because the criteria for recognition has not been met.

From time to time, the Organization receives donated materials and discounted professional services. The Organization records the donations based on current market rates for those materials and services.

#### **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. The financial statements report certain categories of expense that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Substantially all expenses are allocated on the basis of estimates of time and effort.

#### **Income Taxes**

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

#### **Subsequent Events**

Management has evaluated subsequent events through January 27, 2026, the date which the financial statements were available to be issued.

**Head of the Lakes United Way  
Notes to Financial Statements**

**NOTE 2 - 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 June 30, 2025 and 2024:

	2025	2024
Cash and cash equivalents	\$ 753,632	\$ 586,655
Contributions receivable	228,666	176,543
Other receivables	8,740	1,853
Investments	81,563	292,817
Beneficial interest in perpetual trust	6,905,054	6,697,230
Beneficial interest in assets held by others	777,836	734,121
Total financial assets available	8,755,491	8,489,219
Less donor imposed restrictions	(7,733,520)	(7,442,330)
Total unrestricted financial assets available	1,021,971	1,046,889
Less board designations for three months of expenditures	(388,546)	(315,298)
Less board designations for Wisconsin programs	(92,784)	(147,784)
Less board designations for property and equipment	(9,726)	(11,909)
Financial assets available within one year	\$ 530,915	\$ 571,898

As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

**NOTE 3 - FAIR VALUE MEASUREMENTS**

The fair value measurement accounting literature establishes a valuation hierarchy for disclosure of the inputs to valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels as follows:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument.
- Level 3: Inputs are unobservable inputs based on the Organization's own assumptions used to measure assets and liabilities at fair value.

A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The following tables set forth by level within the fair value hierarchy of the Organization's financial assets measured at fair value on a recurring basis is as of June 30, 2025 and 2024, and indicates the fair value hierarchy of the valuation techniques utilized by the Organization to determine such fair value.

**Head of the Lakes United Way  
Notes to Financial Statements**

**NOTE 3 - FAIR VALUE MEASUREMENTS (CONTINUED)**

	Fair Value Measurements at Reporting Date Using:			
	Level 1	Level 2	Level 3	Total
<u>June 30, 2025</u>				
Beneficial interest in perpetual trust	\$ -	\$ -	\$ 6,905,054	\$ 6,905,054
Beneficial interest in assets held by others	-	-	777,836	777,836
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,682,890</u>	<u>\$ 7,682,890</u>
<u>June 30, 2024</u>				
Beneficial interest in perpetual trust	\$ -	\$ -	\$ 6,697,230	\$ 6,697,230
Beneficial interest in assets held by others	-	-	734,121	734,121
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,431,351</u>	<u>\$ 7,431,351</u>

The beneficial interest in perpetual trust is valued using the daily closing price of the underlying assets as reported by the trustee, and the beneficial interest in assets held by others is valued at the daily closing price as reported by the Foundation.

**NOTE 4 - BENEFICIAL INTEREST IN PERPETUAL TRUST**

The changes in the beneficial interest in perpetual trust are as follows for the years ended June 30, 2025 and 2024:

	2025	2024
Beneficial interest, beginning of year	\$ 6,697,230	\$ 6,157,468
Amounts distributed	(310,048)	(300,004)
Change in beneficial interest	517,872	839,766
Beneficial interest, end of year	<u>\$ 6,905,054</u>	<u>\$ 6,697,230</u>

**NOTE 5 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS**

The United Way Endowment Fund (the Fund) was established with the Boreal Waters Community Foundation, formerly known as 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, 2025 and 2024 is included in the statements of financial position as “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.

**Head of the Lakes United Way  
Notes to Financial Statements**

**NOTE 5 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS (CONTINUED)**

The change in the fair value of the beneficial interest is recognized in the statements of activities. The changes in the beneficial interest in assets held by others are as follows for the years ended June 30, 2025 and 2024:

	2025	2024
Beneficial interest, beginning of year	\$ 734,121	\$ 639,297
Amounts distributed	(58,063)	-
Change in beneficial interest	101,778	94,824
Beneficial interest, end of year	\$ 777,836	\$ 734,121

The portion of the Fund contributed by unrelated third-party donors is considered a contribution to the Foundation. This portion of the Fund, \$802,629 and \$757,483 at June 30, 2025 and 2024, respectively, has not been recorded as an asset on these financial statements.

**NOTE 6 - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following as of June 30, 2025 and 2024:

	2025	2024
Furniture and equipment	\$ 103,365	\$ 114,396
Less accumulated depreciation	(93,639)	(98,669)
Property and equipment, net	\$ 9,726	\$ 15,727

**NOTE 7 - ALLOCATIONS AND DESIGNATIONS PAYABLE**

Allocations and designations payable consisted of the following as of June 30, 2025 and 2024:

	2025	2024
Community care allocations payable	\$ 466,778	\$ 448,948
Donor-designations payable	13,309	16,319
Allocations and designations payable	\$ 480,087	\$ 465,267

**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 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.

**Head of the Lakes United Way  
Notes to Financial Statements**

**NOTE 8 - BOARD DESIGNATED NET ASSETS (CONTINUED)**

Board-designated net assets were as follows as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Strategic business practices	\$ 388,546	\$ 315,298
Wisconsin programs	92,784	147,784
Property and equipment	<u>9,726</u>	<u>11,909</u>
Board designated net assets	<u>\$ 491,056</u>	<u>\$ 474,991</u>

**NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following on June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Beneficial interest in perpetual trust	\$ 6,905,054	\$ 6,697,230
Beneficial interest in assets held by others	777,836	734,121
Contributions for the subsequent fiscal year's campaign	14,056	6,533
Babysitting classes	28,450	-
Sponsorship of future events	3,678	-
Women's Leadership Council	<u>4,446</u>	<u>4,446</u>
Net assets with donor restrictions	<u>\$ 7,733,520</u>	<u>\$ 7,442,330</u>

**NOTE 10 - RETIREMENT PLAN**

The Organization sponsors a defined contribution retirement plan covering substantially all of its employees 21 years of age or older with at least one year of service. The Organization's contribution is 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. For the years ended June 30, 2025 and 2024, contributions to the plan totaled \$28,083 and \$19,967, respectively.

**Head of the Lakes United Way  
Notes to Financial Statements**

**NOTE 11 - RECLASSIFICATION**

During the year ended June 30, 2025, the Organization reclassified its beneficial interest in assets held by others from board designated net assets to net assets with donor restrictions. Although the fund was originally established by the Organization and designed by the board for specific purposes, the governing agreement with the Foundation imposes withdrawal restrictions that are considered donor-imposed for accounting purposes. This reclassification does not affect total net assets or change in net assets, and the comparative financial statements have been adjusted accordingly.

Reclassifications were as follows:

	<u>As Previously Reported</u>	<u>Reclassifications</u>	<u>As Adjusted</u>
Net assets, July 1, 2023			
Without donor restrictions	\$ 1,289,999	\$ (639,297)	\$ 650,702
With donor restrictions	\$ 6,174,679	\$ 639,297	\$ 6,813,976
Net assets, June 30, 2024			
Without donor restrictions	\$ 1,279,918	\$ (734,121)	\$ 545,797
With donor restrictions	\$ 6,708,209	\$ 734,121	\$ 7,442,330
Total support and revenue, June 30, 2024			
Without donor restrictions	\$ 1,551,113	\$ (94,824)	\$ 1,456,289
With donor restrictions	\$ 533,530	\$ 94,824	\$ 628,354
Change in net assets, June 30, 2024			
Without donor restrictions	\$ (10,081)	\$ (94,824)	\$ (104,905)
With donor restrictions	\$ 533,530	\$ 94,824	\$ 628,354