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UNITED WAY ST. CROIX VALLEY, INC.

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT**

SEPTEMBER 30, 2021 AND 2020

UNITED WAY ST. CROIX VALLEY, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way St. Croix Valley, Inc.

We have audited the accompanying financial statements of United Way St. Croix Valley, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2021 and 2020, 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain 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 St. Croix Valley, Inc. as of September 30, 2021 and 2020, 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.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
January 18, 2022

UNITED WAY ST. CROIX VALLEY, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2021 AND 2020

	SEPTEMBER 30,	
	2021	2020
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 247,041	\$ 142,549
Promises to give - net	85,839	121,798
Grants receivable	-	84,920
Inventories	-	39,003
Prepaid expenses	3,202	7,114
Investments	79,382	62,668
TOTAL CURRENT ASSETS	415,464	458,052
PROPERTY AND EQUIPMENT - NET	2,325	136,496
NON-CURRENT ASSETS		
Beneficial interest in assets held by St. Croix Valley Foundation	118,837	179,586
TOTAL NON-CURRENT ASSETS	118,837	179,586
TOTAL ASSETS	\$ 536,626	\$ 774,134
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Designations payable	\$ 7,671	\$ 24,149
Accounts payable	4,844	2,884
Accrued liabilities	15,687	22,253
Grants payable to organizations	90,980	110,093
Paycheck Protection Program loan	-	61,337
TOTAL CURRENT LIABILITIES	119,182	220,716
NET ASSETS		
Net assets without donor restrictions	276,299	312,515
Net assets with donor restrictions	141,145	240,903
TOTAL NET ASSETS	417,444	553,418
TOTAL LIABILITIES AND NET ASSETS	\$ 536,626	\$ 774,134

The accompanying notes are an integral part of these financial statements.

UNITED WAY ST. CROIX VALLEY, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	YEAR ENDED SEPTEMBER 30, 2021			YEAR ENDED SEPTEMBER 30, 2020		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
OPERATING REVENUE, GAINS, AND OTHER SUPPORT						
Public support - campaign	\$ 370,088	\$ 115,602	\$ 485,690	\$ 418,899	\$ 144,088	\$ 562,987
Public support - other	97,318	108,910	206,228	1,065,291	38,420	1,103,711
Special event revenue	10,616	-	10,616	27,691	-	27,691
Program fees	10,057	-	10,057	9,632	-	9,632
Fiscal agency income	148,958	-	148,958	7,063	-	7,063
Return on investments	10,413	-	10,413	3,372	-	3,372
Interest income	458	-	458	127	-	127
Distributions from beneficial interests	4,489	-	4,489	4,365	-	4,365
Change in value of beneficial interests	18,147	-	18,147	930	4,149	5,079
Miscellaneous income	3,281	-	3,281	47	-	47
Restrictions satisfied by appropriate use of funds	183,782	(183,782)	-	3,426	(3,426)	-
Restrictions satisfied by expiration of time	140,488	(140,488)	-	159,779	(159,779)	-
TOTAL OPERATING REVENUE, GAINS, AND OTHER SUPPORT	<u>998,095</u>	<u>(99,758)</u>	<u>898,337</u>	<u>1,700,622</u>	<u>23,452</u>	<u>1,724,074</u>
OPERATING EXPENSES						
Program services	817,156	-	817,156	1,193,597	-	1,193,597
Management and general	135,396	-	135,396	139,204	-	139,204
Fundraising	139,553	-	139,553	151,327	-	151,327
TOTAL OPERATING EXPENSES	<u>1,092,105</u>	<u>-</u>	<u>1,092,105</u>	<u>1,484,128</u>	<u>-</u>	<u>1,484,128</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	<u>(94,010)</u>	<u>(99,758)</u>	<u>(193,768)</u>	<u>216,494</u>	<u>23,452</u>	<u>239,946</u>
NON-OPERATING ACTIVITIES						
Gain on forgiveness of Paycheck Protection Program loan	61,337	-	61,337	-	-	-
Loss on disposal of property and equipment	(3,543)	-	(3,543)	-	-	-
CHANGE IN NET ASSETS FROM NON-OPERATING ACTIVITIES	<u>57,794</u>	<u>-</u>	<u>57,794</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS AT BEGINNING OF YEAR	<u>312,515</u>	<u>240,903</u>	<u>553,418</u>	<u>96,021</u>	<u>217,451</u>	<u>313,472</u>
NET ASSETS AT END OF YEAR	<u>\$ 276,299</u>	<u>\$ 141,145</u>	<u>\$ 417,444</u>	<u>\$ 312,515</u>	<u>\$ 240,903</u>	<u>\$ 553,418</u>

The accompanying notes are an integral part of these financial statements.

UNITED WAY ST. CROIX VALLEY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	YEAR ENDED SEPTEMBER 30, 2021				YEAR ENDED SEPTEMBER 30, 2020			
	MANAGEMENT			TOTAL	MANAGEMENT			TOTAL
	PROGRAM	AND GENERAL	FUNDRAISING		PROGRAM	AND GENERAL	FUNDRAISING	
Allocations to agencies	\$ 144,938	\$ -	\$ -	\$ 144,938	\$ 165,974	\$ -	\$ -	\$ 165,974
Designations to agencies	31,873	-	-	31,873	24,914	-	-	24,914
Contributions to St. Croix Valley Food Bank	329,819	-	-	329,819	-	-	-	-
Food & Resource Center inventory	-	-	-	-	761,409	-	-	761,409
Salaries and payroll taxes	132,352	69,184	99,264	300,800	139,101	72,713	104,327	316,141
Community Impact Programs	31,764	-	-	31,764	34,231	-	-	34,231
Employee benefits	6,014	3,144	4,511	13,669	5,972	3,121	4,479	13,572
Office lease	14,508	7,584	10,881	32,973	14,100	7,369	10,574	32,043
Professional fees	-	31,379	-	31,379	-	28,097	-	28,097
Depreciation	586	306	439	1,331	8,737	4,567	6,553	19,857
Dues and memberships	-	16,896	-	16,896	-	15,026	-	15,026
Advertising	-	-	7,164	7,164	-	-	8,275	8,275
Office supplies	958	370	849	2,177	1,055	408	936	2,399
Travel and conferences	-	50	-	50	-	2,524	2,004	4,528
Food & Resource Center operations	-	-	-	-	20,165	-	-	20,165
Insurance	2,037	1,064	1,527	4,628	1,665	870	1,249	3,784
Printing	552	-	-	552	1,510	-	-	1,510
Telephone	1,946	1,018	1,460	4,424	1,472	769	1,104	3,345
Technology	7,853	4,106	5,891	17,850	6,467	3,381	4,851	14,699
Postage and delivery	-	-	3,269	3,269	-	-	2,406	2,406
Pledge processing fees	-	-	3,638	3,638	-	-	4,341	4,341
Fiscal agency expenses	106,348	-	-	106,348	263	-	-	263
Miscellaneous	5,608	295	660	6,563	6,562	359	228	7,149
TOTAL FUNCTIONAL EXPENSES	\$ 817,156	\$ 135,396	\$ 139,553	\$ 1,092,105	\$ 1,193,597	\$ 139,204	\$ 151,327	\$ 1,484,128

The accompanying notes are an integral part of these financial statements.

UNITED WAY ST. CROIX VALLEY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	YEAR ENDED SEPTEMBER 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (135,974)	\$ 239,946
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	1,331	19,857
Non-cash contributions to St. Croix Valley Food Bank	305,615	-
Change in value of beneficial interest in assets held by St. Croix Valley Foundation, net	(18,147)	(1,652)
Loss (gain) on disposal of property and equipment	3,543	-
Loss (gain) on forgiveness of Paycheck Protection Program loan	(61,337)	-
Net realized and unrealized loss on investments	(9,881)	(2,669)
Changes in operating assets and liabilities		
Promises to give	35,959	15,253
Grants receivable	26,500	(84,920)
Inventories	1	(34,660)
Prepaid expenses	3,912	(3,997)
Designations payable	(16,478)	17,797
Accounts payable	1,960	(828)
Accrued expenses	(6,566)	(2,319)
Grants payable to organizations	(19,113)	(134,262)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	111,325	27,546
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(47,291)
Decrease (increase) in investments including investment income re-invested	(6,833)	(3,821)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(6,833)	(51,112)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	-	61,337
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	-	61,337
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	104,492	37,771
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	142,549	104,778
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 247,041	\$ 142,549

The accompanying notes are an integral part of these financial statements.

UNITED WAY ST. CROIX VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 1 – Nature of Organization and Significant Accounting Policies

Nature of Organization – United Way St. Croix Valley, Inc. (the “Organization”) is a not-for-profit organization whose purpose is uplifting people by building relationships, connecting resources, and uniting the St. Croix Valley communities.

Basis of Accounting – The Organization utilizes the accrual method of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation – The Organization’s financial statements are prepared in accordance with professional standards. Under generally accepted accounting principles (GAAP), the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions consist of investments and otherwise unrestricted amounts that are available for use in carrying out the mission of the Organization and include those expendable resources which have been designated for special use by the Organization’s Board of Directors.

Net assets with donor restrictions consist of net assets that are subject to either donor-imposed time restrictions or donor-imposed purpose restrictions. These restrictions limit the Organization’s choices of when to use these resources.

Income Tax Status – The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization also is exempt from Wisconsin franchise or income taxes.

In accordance with professional standards, the Organization follows the statutory requirements for their income tax accounting and generally avoids risks associated with potentially problematic tax positions that may be challenged upon examination. Management believes any liability resulting from taxing authorities imposing additional income taxes from activities deemed to be unrelated to the Organization’s tax-exempt status would not have a material effect on the accompanying financial statements.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents – The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Concentrations of Credit Risk – The Federal Deposit Insurance Corporation currently insures up to \$250,000 of substantially all depository accounts held at each financial institution. At various times during the year, the Organization’s cash deposits may exceed the federally insured limits. At September 30, 2021 and 2020, the Organization had no uninsured balances. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on its cash and cash equivalents.

UNITED WAY ST. CROIX VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS – Continued
SEPTEMBER 30, 2021 AND 2020

NOTE 1 – Nature of Organization and Significant Accounting Policies – Continued

Public Support and Revenue – Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases in liabilities, or expenses depending on the form of the benefits received. Promises to give are stated at net realizable value. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a 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. If donor restrictions are satisfied in the year the contributions are received, the contribution is recorded as support without donor restrictions.

Program Revenue – The Organization recognizes revenue from participation, certification, and registration fees as the event is held or certification is completed.

Inventories – Inventories are valued at cost or fair market value determined by FIFO (first-in, first-out) basis. Donated food inventory items received were valued at \$1.62 per pound as of September 30, 2020, based on Feeding America’s Product Valuation report. The Organization records donated inventory at fair market value when the food is received.

Property and Equipment – Property and equipment are recorded at cost or at estimated fair value at date of gift if donated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, which are estimated to be five to seven years for equipment and twenty years for buildings. Expenditures for assets of \$500 or more are capitalized.

Donated Services – Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Many individuals also volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments throughout the year that are not recognized as contributions in the financial statements.

Investments – Investments consist primarily of assets invested in marketable equity and debt securities and money-market accounts and are stated at market value. Cash equivalents held within the Organization’s investment portfolio are readily available, but it is the intent of the Organization to hold these funds for investment purposes, and therefore, it has classified them as investments. Interest income is recognized when earned. Realized investment gains and losses arising from the sale, collection, or other disposition of investments are determined using the specific identification method. Unrealized investment gains and losses are recognized on a current basis.

The Organization’s investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these investments and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes will occur in the near term that could materially affect the Organization’s investment account balances and the amounts recorded in the accompanying financial statements.

Designations Payable – Donor organizations and individuals participating in the Organization’s campaign may choose to designate all or part of their contribution to be distributed to specific charitable organizations. These designations are shown as a liability until they are paid. They are included in public support allocations in the accompanying financials as the Organization retains variance power over these funds. Processing fees of approximately 12% are charged to the recipient organization on these designations.

Grants Payable to Organizations – Grants payable to organizations are recorded once they have been approved by the Organization’s Board of Directors.

UNITED WAY ST. CROIX VALLEY, INC.
 NOTES TO FINANCIAL STATEMENTS – Continued
 SEPTEMBER 30, 2021 AND 2020

NOTE 1 – Nature of Organization and Significant Accounting Policies – Continued

Allocation of Functional Expenses – The Organization allocates functional expenses based on the time spent by employees on program and supporting services. Timesheets are used for hourly employees and various time studies are used for salaried employees.

Fair Value Measurements – The Organization uses a fair value hierarchy, which prioritizes the valuation inputs into three broad levels. Level 1 inputs consist of quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset. Level 3 inputs are unobservable inputs related to the asset. The fair value of the beneficial interest in assets held by third-party trustees is based upon the market value of the pro-rata share of the investment pool as reported by the third-party trustees. These are considered to be Level 3 measurements within the hierarchy.

In instances where the determination of the 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 is based on the lowest level input that is significant to the fair value measurement in its entirety.

Reclassifications – Certain amounts have been reclassified in the prior year financial statements to conform with the current year financial statement presentation. The reclassifications have no effect on the total change in net assets for the prior year.

Subsequent Events – The Organization has evaluated subsequent events through January 18, 2022, the date which the financial statements were available to be issued.

NOTE 2 – Promises to Give

Unconditional promises to give at September 30 are as follows:

	2021	2020
2020-2021 Campaign Year	\$ 96,239	\$ -
2019-2020 Campaign Year	-	138,698
	96,239	138,698
Allowance for uncollectible amounts	(10,400)	(16,900)
Promises to give - net	\$ 85,839	\$ 121,798

NOTE 3 – Grants Receivable

Grants receivable at September 30 consist of the following:

	2021	2020
The New York Community Trust	\$ -	\$ 50,000
WI Dept. of Agriculture, Trade and Consumer Protection	-	34,920
TOTAL	\$ -	\$ 84,920

As of September 30, 2021, and 2020, management considers all grants receivable fully collectible within one year. Therefore, no allowance for doubtful accounts is recorded in the accompanying financial statements.

UNITED WAY ST. CROIX VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS – Continued
SEPTEMBER 30, 2021 AND 2020

NOTE 4 – Investments

Investments consist of the following at September 30:

	2021		2020	
	FAIR VALUE	COST	FAIR VALUE	COST
Cash Equivalents	\$ 764	\$ 764	\$ 1,589	\$ 1,589
Mutual Funds	56,738	53,250	21,397	20,520
Stock Funds	21,880	14,622	39,682	35,761
TOTAL	\$ 79,382	\$ 68,636	\$ 62,668	\$ 57,870

Investment return consisted of the following for the year ended September 30:

	2021	2020
Interest, dividends, and distributions	\$ 1,912	\$ 1,545
Net realized gains (losses)	7,357	2,285
Net unrealized gains (losses)	2,524	384
Investment fees	(1,380)	(842)
TOTAL	\$ 10,413	\$ 3,372

NOTE 5 – Funds Held by St. Croix Valley Foundation

In 2000, the Organization established a fund with the St. Croix Valley Foundation (the “Foundation”) to be held for the benefit of the Organization. The fund is a beneficial interest in assets held by the Foundation and is included in the financial statements as board-designated net assets without donor restrictions.

In 2006, the Organization established a fund with the Foundation to be held for the benefit of United Way’s Food & Resource Center. The fund is restricted by the donors to be used for the United Way’s Food & Resource Center. The fund is a beneficial interest in assets held by the Foundation and is included in the financial statements as net assets with donor restrictions. As of October 1, 2020, this fund was contributed to the St. Croix Valley Food Bank.

In addition, the Foundation established a United Way match fund. The Foundation has agreed to match contributions up to \$50,000. This match is not included in the accompanying financial statements as it is considered an asset of the Foundation until the Foundation notifies the Organization that the funds are available for use. As of September 30, 2021, and 2020, total match funds are \$0 and \$74,389, respectively. As of October 1, 2020, the rights to this fund were contributed to the St. Croix Valley Food Bank.

Beneficial interest in assets held by the Foundation consist of the following at September 30:

	2021	2020
United Way St. Croix Valley Long-Term Fund	\$ 118,837	\$ 100,691
Food & Resource Center Long-Term Fund	-	78,895
TOTAL	\$ 118,837	\$ 179,586

The United Way of St. Croix Valley Long-Term Fund and the United Way Food & Resources Center Long-Term Fund held at the Foundation have been pooled with other funds and invested in accordance with the Foundation’s policies. The funds have been recorded at their fair market values as identified by the Foundation.

UNITED WAY ST. CROIX VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS – Continued
SEPTEMBER 30, 2021 AND 2020

NOTE 6 – Property and Equipment

	<u>2021</u>	<u>2020</u>
Food & Resource Center building	\$ -	\$ 184,571
Food & Resource Center equipment	-	92,509
Accumulated depreciation Food & Resource Center	-	(150,416)
Office equipment	20,470	36,980
Accumulated depreciation office equipment	<u>(18,145)</u>	<u>(27,148)</u>
TOTAL	<u>\$ 2,325</u>	<u>\$ 136,496</u>

Depreciation expense was \$1,331 and \$19,857 for the years ended September 30, 2021 and 2020, respectively.

NOTE 7 – Grants Payable to Organizations

The Organization has committed to make six payments to other nonprofit organizations in the community. These payments are reflected on the accompanying statements of financial position as Grants Payable to Organizations. They are recorded as a liability when the board authorizes the distributions. At September 30, 2021 and 2020, the Organization had committed to pay \$90,980 and \$110,093 to organizations, respectively.

NOTE 8 – Net Assets

Net Assets without Donor Restrictions:

Net assets without donor restrictions consist of the following at September 30:

	<u>2021</u>	<u>2020</u>
Board-designated:		
Beneficial interest in assets held by St. Croix Valley Foundation		
United Way St. Croix Valley Long-Term Fund	\$ 118,837	\$ 100,691
Undesignated	<u>157,462</u>	<u>211,824</u>
TOTAL	<u>\$ 276,299</u>	<u>\$ 312,515</u>

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at September 30:

	<u>2021</u>	<u>2020</u>
Restricted for time:		
Promises to give - net	\$ 85,839	\$ 121,798
Future campaign contributions	12,862	1,790
Restricted for purpose:		
giveBig Initiative	5,840	-
211 program	36,604	-
Food & Resource Center	-	38,420
Beneficial interest in assets held by St. Croix Valley Foundation		
Food & Resource Center Long-Term Fund	<u>-</u>	<u>78,895</u>
TOTAL	<u>\$ 141,145</u>	<u>\$ 240,903</u>

UNITED WAY ST. CROIX VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS – Continued
SEPTEMBER 30, 2021 AND 2020

NOTE 9 – Concentrations

No contributors represented greater than 10% of total campaign revenue for the year ended September 30, 2021 or 2020.

Two contributors to the Food & Resource Center accounted for 90% of inventory donations in the year ended September 30, 2020.

NOTE 10 – Retirement Plan

The Organization has a 403(b)-voluntary retirement plan. Under the agreement, the Organization can provide discretionary contributions to an employee’s individual retirement account.

Employees who are eligible must be at least 21 years old and work at least 27 hours per week. The Organization matches employee contributions as a percentage of the employee’s annual salary. The matching contribution rate for 2021 and 2020 was 5%. Contributions made for the years ended September 30, 2021 and 2020, totaled \$7,052 and \$7,486, respectively.

NOTE 11 – Paycheck Protection Program

In April 2020, the Organization entered into a Paycheck Protection Program loan agreement with a local financial institution in the amount of \$61,337, the proceeds of which were to be used for payroll and employee benefit costs, rent obligations, and utility payments. The loan was scheduled to mature April 2022 and monthly payments of \$1,537, including 1.00% interest, were to begin in November 2020. This loan was forgiven in its entirety, including accrued interest, in December 2020 and is recognized as revenue in the statements of activities.

NOTE 12 – Operating Leases

The Organization rents office space for general operations under an operating lease.

Rent expense for the years ended September 30, 2021 and 2020, was \$32,973 and \$32,043, respectively.

Future minimum lease payments at September 30 are as follows:

2022	\$	34,126
2023		8,605
TOTAL	\$	42,731

NOTE 13 – In-kind Donations

Donated materials, services, and facilities were recorded at estimated fair market values as in-kind contributions as described below:

	2021	2020
Food inventory	\$ -	\$ 736,382
Professional fees	-	340
TOTAL	\$ -	\$ 736,722

In-kind donations classified as program, management and general, and fundraising expenses were \$736,382, \$340, and \$0, respectively, for the year ended September 30, 2020.

UNITED WAY ST. CROIX VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS – Continued
SEPTEMBER 30, 2021 AND 2020

NOTE 14 – Affiliated Organizations

The Organization remits payments for dues to United Way Worldwide. The Organization contributed \$12,890 and \$10,812 to United Way Worldwide for the years ended September 30, 2021 and 2020, respectively. The Organization also contributed \$1,863 and \$1,449 to United Way of Wisconsin and \$675 and \$0 to United Way of Minnesota for the years ended September 30, 2021 and 2020, respectively.

NOTE 15 – Fair Value Measurements

Fair values of assets measured on a recurring basis at September 30, 2021, are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments	\$ 79,382	\$ 79,382	\$ -	\$ -
Beneficial interest in assets held by St. Croix Valley Foundation	118,837	-	-	118,837
TOTAL	\$ 198,219	\$ 79,382	\$ -	\$ 118,837

Fair values of assets measured on a recurring basis at September 30, 2020, are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments	\$ 62,668	\$ 62,668	\$ -	\$ -
Beneficial interest in assets held by St. Croix Valley Foundation	179,586	-	-	179,586
TOTAL	\$ 242,254	\$ 62,668	\$ -	\$ 179,586

Changes in Level 3 recurring measurements for the years ended September 30 are as follows:

	<u>2021</u>	<u>2020</u>
Balance at beginning of year	\$ 179,586	\$ 177,934
Contributions	-	-
Net appreciation	22,635	9,443
Distributions	(83,384)	(7,791)
BALANCE AT END OF YEAR	\$ 118,837	\$ 179,586

NOTE 16 – Food & Resource Center

The Organization purchased and distributed food to pantries and shelters through the Food & Resource Center. Monthly, healthy food such as milk, eggs, meat, vegetables, and fruit was provided at no cost to 20 local pantries and five shelters located in Pierce, Polk, and St. Croix Counties. The total pounds of food purchased and distributed through this program was 95,889 during the year ended September 30, 2020.

In addition, the Organization received food contributions and purchased food for and distributed food to those who struggle with hunger through the Organization’s Pop-Up Pantry, Emergency Food, and Sunny Summer Produce programs. The total pounds of food purchased or donated were 580,242 and the total pounds distributed were 560,125 for these programs during the year ended September 30, 2020.

UNITED WAY ST. CROIX VALLEY, INC.
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SEPTEMBER 30, 2021 AND 2020

NOTE 16 – Food & Resource Center – Continued

During the year-ended September 30, 2020, the board of directors of the Organization approved the spin-off of its Food & Resource Center into a separate 501(c)(3) tax-exempt organization. As of October 1, 2020, the St. Croix Valley Food Bank, Inc. (the “Food Bank”) was incorporated and, in March 2021, was recognized as a 501(c)(3) exempt organization. All assets related to the Food & Resource Center were transferred to this newly established entity and operations began October 1, 2020.

At October 1, 2020, the following were transferred to the Food Bank:

Cash	\$	24,204
Grants receivable		58,420
Inventories		39,002
Beneficial interest in assets held by		
St. Croix Valley Foundation		78,896
Food & Resource Center building		184,571
Food & Resource Center equipment		101,097
Accumulated depreciation Food & Resource Center		(156,371)
TOTAL	\$	<u>329,819</u>

NOTE 17 – Liquidity and Availability of Financial Assets

The Organization monitors its liquidity so that it is able to meet its operating needs. The following table reflects the Organization’s financial assets as of September 30, 2021 and 2020, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when not liquid or not convertible into cash within one year, are assets held for others, assets restricted by donors for specific uses, perpetual endowments and accumulated earnings net of appropriations within one year, or because the board of directors has designated funds for specific reserves or long-term investments such as board-designated quasi-endowments.

	<u>SEPTEMBER 30,</u>	
	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash and cash equivalents	\$ 247,041	\$ 142,549
Promises to give - net	85,839	121,798
Grants receivable	-	84,920
Investments	79,382	62,668
Beneficial interest in assets held by St. Croix Valley Foundation	118,837	179,586
Total financial assets	<u>531,099</u>	<u>591,521</u>
Less those unavailable for general expenditure within one year due to:		
Purpose restrictions	(42,444)	-
Time restrictions	(98,701)	(123,588)
Food & Resource Center asset transfer to Food Bank	-	(161,520)
Beneficial interest in assets held by St. Croix Valley Foundation	<u>(118,837)</u>	<u>(179,586)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 271,117</u>	<u>\$ 126,827</u>

UNITED WAY ST. CROIX VALLEY, INC.
NOTES TO FINANCIAL STATEMENTS – Continued
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NOTE 18 – Effect of New Accounting Standards on Current Period Financial Statements

The Financial Accounting Standards Board (FASB) has approved the following:

- Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842), which requires recognition of rights and obligations from lease contracts longer than one year as assets and liabilities on the statement of net position. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021.
- Accounting Standards Update (ASU) No. 2020-07, *Not-For-Profit Entities* (Topic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets, which requires presentation and disclosure of contributed nonfinancial assets received. ASU 2020-07 is effective for fiscal years beginning after June 15, 2021.

When they become effective, application of these standards may restate portions of these financial statements.