KPMG

GREATER TWIN CITIES UNITED WAY

Financial Statements

December 31, 2023 and 2022

(With Independent Auditors' Report Thereon)

GREATER TWIN CITIES UNITED WAY

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KPMG LLP
4200 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402

Independent Auditors' Report

The Board of Directors
Greater Twin Cities United Way:

Opinion

We have audited the financial statements of Greater Twin Cities United Way (the United Way), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the United Way as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the United Way 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 U.S. generally accepted accounting principles, 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 United Way's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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

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In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 the 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.

KPMG LLP

Minneapolis, Minnesota
June 27, 2024

GREATER TWIN CITIES UNITED WAY

Balance Sheets

December 31, 2023 and 2022

Assets		**2023**	**2022**
Cash and cash equivalents	$	17,328,327	9,925,957
Annual campaign pledges receivable, less allowance for uncollectible pledges of $1,917,726 and $2,239,327, respectively		14,749,223	16,109,685
Other assets		638,372	657,736
Grants and other receivables, net of discount		3,004,959	1,887,237
Legacy campaign receivables, net of discount		803,090	1,003,090
Breakthrough Campaign receivables, net of discount		11,831,450	11,606,592
Endowment/planned giving receivables		20,298,532	21,043,214
Investments		12,004,106	17,940,794
Investment in closely held stock		7,419,230	5,636,540
Investments held at the Saint Paul & Minnesota Foundation		41,602,391	39,306,490
Investments held at The Minneapolis Foundation		12,474,600	11,712,069
Beneficial interests in charitable trusts		2,463,493	2,272,115
Property and equipment, net of accumulated depreciation of $8,427,763 and $8,819,992, respectively		2,560,366	2,020,936
Total assets	$	147,178,139	141,122,455
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses	$	2,198,341	2,096,840
Grants payable		748,183	861,983
Donor designations, net of allowance for uncollectible pledges		2,846,416	3,666,674
Total liabilities		5,792,940	6,625,497
Net assets:			
Without donor restrictions:			
Board-designated endowments		20,175,157	19,867,289
Board-designated other		1,161,897	325,216
Land, building, and equipment		2,560,366	2,020,936
Undesignated		5,340,059	5,614,359
Total net assets without donor restrictions		29,237,479	27,827,800
With donor restrictions:			
Annual campaign		18,245,624	20,943,574
Perpetual in nature		2,463,493	2,272,115
Purpose restrictions – endowments		62,839,070	58,794,929
Time restricted for future periods		753,090	853,090
Purpose restrictions – other		27,846,443	23,805,450
Total net assets with donor restrictions		112,147,720	106,669,158
Total net assets		141,385,199	134,496,958
Total liabilities and net assets	$	147,178,139	141,122,455

See accompanying notes to financial statements.

GREATER TWIN CITIES UNITED WAY

Statement of Activities

Year ended December 31, 2023

	Without donor restrictions	With donor restrictions	Total
Support and revenue:			
Annual campaign received in prior period and now released from restriction	$ 35,683,150	(35,683,150)	—
Less:			
Annual campaign multi-year gifts recorded in prior period - now released from restriction	(710,807)	710,807	—
Donor designations – now released from restriction	(13,285,111)	13,285,111	—
Provision for uncollectible pledges – now released from restriction	(891,779)	891,779	—
Provision for third party processing fees	(30,400)	30,400	—
Actual campaign revenue loss from prior years	(74,482)	—	(74,482)
Actual designations estimate change	352,661	—	352,661
Net campaign revenue for current period	21,043,232	(20,765,053)	278,179
Campaign revenue received for future allocation period	—	30,821,376	30,821,376
Less:			
Annual campaign multi-year gifts recorded in prior period	—	(611,764)	(611,764)
Donor designations	—	(11,185,453)	(11,185,453)
Provision for uncollectible pledges	—	(924,641)	(924,641)
Provision for third party processing fees	—	(28,246)	(28,246)
Net campaign revenue for future periods	—	18,071,272	18,071,272
Total campaign revenue	21,043,232	(2,693,781)	18,349,451
Grants and other revenues	2,934,380	16,100,038	19,034,418
In-kind contributions	372,473	—	372,473
Legacy revenue, net	—	—	—
Investment income and realized gains	554,984	—	554,984
Net unrealized gains (losses) on investments	569,873	—	569,873
Appropriation of unrestricted endowment assets	2,537,844		2,537,844
Donor designation cost recovery	69,600	—	69,600
Designations from other United Ways	123,157	—	123,157
Miscellaneous income	85,885	—	85,885
Net assets released from restriction:			
Appropriation of endowment assets	1,870,550	(1,870,550)	—
Satisfaction of program restrictions	9,198,819	(9,198,819)	—
Expiration of time restrictions	100,000	(100,000)	—
Total net assets released from restrictions	11,169,369	(11,169,369)	—
Total support and revenue	39,460,797	2,236,888	41,697,685
Grants and program services:			
Grants awarded/distributed to agencies for programs	26,558,029	—	26,558,029
Less donor designations	(13,285,111)	—	(13,285,111)
Net funds awarded/distributed	13,272,918	—	13,272,918
Community and program services provided directly by Greater Twin Cities United Way	14,503,843	—	14,503,843
Total grants and program services	27,776,761	—	27,776,761
Supporting services:			
Fund raising	7,390,690	—	7,390,690
Organizational administration	3,322,649	—	3,322,649
Total supporting services	10,713,339	—	10,713,339
Total grants, program, and supporting services	38,490,100	—	38,490,100
Change in net assets before investment gain and other losses	970,697	2,236,888	3,207,585
Board-designated endowment income and realized gains	1,631,973	—	1,631,973
Board-designated endowment net unrealized gains	2,645,948	—	2,645,948
Appropriation of unrestricted endowment assets	(2,537,844)	—	(2,537,844)
Donor designated endowment gains (losses)	(1,267,607)	1,267,607	—
Net unrealized gain on investment in closely held stock	—	1,782,690	1,782,690
Change in fair value of beneficial interests in charitable trusts	—	191,377	191,377
Loss on disposal of equipment	(33,488)	—	(33,488)
Change in net assets	1,409,679	5,478,562	6,888,241
Net assets, beginning of year	27,827,800	106,669,158	134,496,958
Net assets, end of year	$ 29,237,479	112,147,720	141,385,199

See accompanying notes to financial statements.

GREATER TWIN CITIES UNITED WAY

Statement of Activities

Year ended December 31, 2022

	Without donor restrictions	With donor restrictions	Total
Support and revenue:			
Annual campaign received in prior period and now released from restriction	$ 38,277,901	(38,277,901)	—
Less:			
Annual campaign multi-year gifts recorded in prior period - now released from restriction	(894,809)	894,809	—
Donor designations – now released from restriction	(13,064,732)	13,064,732	—
Provision for uncollectible pledges – now released from restriction	(956,947)	956,947	—
Provision for third party processing fees	61,574	(61,574)	—
Actual campaign revenue gain from prior years	66,689	—	66,689
Actual designations estimate change	(502,005)	—	(502,005)
Net campaign revenue for current period	22,987,671	(23,422,987)	(435,316)
Campaign revenue received for future allocation period	—	35,683,150	35,683,150
Less:			
Annual campaign multi-year gifts recorded in prior period	—	(710,807)	(710,807)
Donor designations	—	(13,285,111)	(13,285,111)
Provision for uncollectible pledges	—	(891,779)	(891,779)
Provision for third party processing fees	—	(30,400)	(30,400)
Net campaign revenue for future periods	—	20,765,053	20,765,053
Total campaign revenue	22,987,671	(2,657,934)	20,329,737
Grants and other revenues	1,490,620	35,481,662	36,972,282
In-kind contributions	821,875	—	821,875
Legacy revenue, net	—	1,623	1,623
Investment income and realized gains	89,629	—	89,629
Net unrealized gains (losses) on investments	(448,771)	—	(448,771)
Appropriation of unrestricted endowment assets	779,269	—	779,269
Donor designation cost recovery	101,527	—	101,527
Designations from other United Ways	78,143	—	78,143
Miscellaneous income	92,016	—	92,016
Net assets released from restriction:			
Appropriation of endowment assets	1,608,772	(1,608,772)	—
Satisfaction of program restrictions	7,516,843	(7,516,843)	—
Expiration of time restrictions	1,945,446	(1,945,446)	—
Total net assets released from restrictions	11,071,061	(11,071,061)	—
Total support and revenue	37,063,040	21,754,290	58,817,330
Grants and program services:			
Grants awarded/distributed to agencies for programs	28,092,807	—	28,092,807
Less donor designations	(13,064,732)	—	(13,064,732)
Net funds awarded/distributed	15,028,075	—	15,028,075
Community and program services provided directly by Greater Twin Cities United Way	14,101,299	—	14,101,299
Total grants and program services	29,129,374	—	29,129,374
Supporting services:			
Fund raising	8,297,711	—	8,297,711
Organizational administration	3,712,633	—	3,712,633
Total supporting services	12,010,344	—	12,010,344
Total grants, program, and supporting services	41,139,718	—	41,139,718
Change in net assets before investment gain and other losses	(4,076,678)	21,754,290	17,677,612
Board-designated endowment income and realized gains	1,310,838	—	1,310,838
Board-designated endowment net unrealized losses	(7,090,843)	—	(7,090,843)
Appropriation of unrestricted endowment assets	(779,269)	—	(779,269)
Donor designated endowment gains (losses)	3,078,674	(3,078,674)	—
Net unrealized loss on investment in closely held stock	—	(657,670)	(657,670)
Change in fair value of beneficial interests in charitable trusts	—	(585,939)	(585,939)
Change in net assets	(7,557,278)	17,432,007	9,874,729
Net assets, beginning of year	35,385,078	89,237,151	124,622,229
Net assets, end of year	$ 27,827,800	106,669,158	134,496,958

See accompanying notes to financial statements.

GREATER TWIN CITIES UNITED WAY

Statement of Functional Expenses

Year ended December 31, 2023

	Grants to agencies for programs	Services provided by Greater Twin Cities United Way	Supporting services: Fund raising	Supporting services: Organizational administration	Supporting services: Total supporting services	Total
Salaries	$ —	7,770,063	4,923,559	1,941,776	6,865,335	14,635,398
Other employee benefits	—	1,209,357	824,589	281,423	1,106,012	2,315,369
Payroll taxes	—	565,773	380,298	120,722	501,020	1,066,793
Total employee expenses	—	9,545,193	6,128,446	2,343,921	8,472,367	18,017,560
Professional fees	—	1,749,776	339,044	422,383	761,427	2,511,203
Contract services	—	125,506	41,805	68,723	110,528	236,034
Supplies	—	847,662	3,254	9,615	12,869	860,531
Telephone	—	114,618	5,318	3,874	9,192	123,810
Postage	—	32,094	13,328	15,741	29,069	61,163
Building occupancy	—	340,510	141,586	103,154	244,740	585,250
Equipment and software expense	—	434,108	174,210	126,500	300,710	734,818
Printed material, photography/video and subscriptions	—	31,623	35,921	13,080	49,001	80,624
Media, advertising, promotions and events	—	169,733	157,748	1,987	159,735	329,468
Transportation	—	17,979	12,005	794	12,799	30,778
Conferences, meetings, and memberships	—	242,749	70,988	34,519	105,507	348,256
In-kind donations	—	214,055	7,111	1,307	8,418	222,473
Miscellaneous	—	109,893	37,706	10,362	48,068	157,961
Total nonemployee expenses	—	4,430,306	1,040,024	812,039	1,852,063	6,282,369
Depreciation	—	240,131	100,998	75,759	176,757	416,888
Total operations	—	14,215,630	7,269,468	3,231,719	10,501,187	24,716,817
United Way Worldwide dues	—	288,213	121,222	90,930	212,152	500,365
Grants awarded/distributed	26,558,029	—	—	—	—	26,558,029
Less donor designations	(13,285,111)	—	—	—	—	(13,285,111)
Total expenses	$ 13,272,918	14,503,843	7,390,690	3,322,649	10,713,339	38,490,100

See accompanying notes to financial statements.

GREATER TWIN CITIES UNITED WAY

Statement of Functional Expenses

Year ended December 31, 2022

	Grants to agencies for programs	Services provided by Greater Twin Cities United Way	Supporting services: Fund raising	Supporting services: Organizational administration	Supporting services: Total supporting services	Total
Salaries	$ —	8,300,769	5,531,756	2,315,976	7,847,732	16,148,501
Other employee benefits	—	963,968	787,439	251,872	1,039,311	2,003,279
Payroll taxes	—	513,498	398,988	117,615	516,603	1,030,101
Total employee expenses	—	9,778,235	6,718,183	2,685,463	9,403,646	19,181,881
Professional fees	—	1,056,388	283,383	361,171	644,554	1,700,942
Contract services	—	54,961	22,811	104,420	127,231	182,192
Supplies	—	877,601	5,845	12,173	18,018	895,619
Telephone	—	243,573	6,345	3,455	9,800	253,373
Postage	—	11,611	17,247	13,856	31,103	42,714
Building occupancy	—	266,909	156,159	85,030	241,189	508,098
Equipment and software expense	—	261,763	258,426	77,191	335,617	597,380
Printed material, photography/video and subscriptions	—	17,392	35,712	4,112	39,824	57,216
Media, advertising, promotions and events	—	152,884	195,582	3,069	198,651	351,535
Transportation	—	9,342	7,442	239	7,681	17,023
Conferences, meetings, and memberships	—	158,666	50,273	36,638	86,911	245,577
In-kind donations	—	526,580	192,100	103,195	295,295	821,875
Miscellaneous	—	147,628	28,095	40,565	68,660	216,288
Total nonemployee expenses	—	3,785,298	1,259,420	845,114	2,104,534	5,889,832
Depreciation	—	214,148	127,474	72,499	199,973	414,121
Total operations	—	13,777,681	8,105,077	3,603,076	11,708,153	25,485,834
United Way Worldwide dues	—	323,618	192,634	109,557	302,191	625,809
Grants awarded/distributed	28,092,807	—	—	—	—	28,092,807
Less donor designations	(13,064,732)	—	—	—	—	(13,064,732)
Total expenses	$ 15,028,075	14,101,299	8,297,711	3,712,633	12,010,344	41,139,718

See accompanying notes to financial statements.

GREATER TWIN CITIES UNITED WAY

Statements of Cash Flows

Years ended December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	$ 6,888,241	9,874,729
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	416,888	414,121
Loss on disposal of equipment	33,488	—
Net realized losses (gains) on investments	(216,326)	264,900
Net unrealized losses (gains) on investments	(3,215,821)	7,539,614
Net unrealized losses (gains) on investment in closely held stock	(1,782,690)	657,670
Change in fair value of beneficial interests in charitable trusts	(191,377)	585,939
Changes in assets and liabilities:		
Annual campaign pledges receivable, net	1,360,462	(226,221)
Legacy campaign receivable, net	200,000	198,377
Breakthrough Campaign receivables, net	(224,858)	(8,138,057)
Other assets	19,364	57,517
Grants and other receivables, net	(1,117,722)	1,326,011
Endowment/planned giving receivables, net	744,682	(16,960,815)
Accounts payable and accrued expenses	101,501	305,514
Grants payable	(113,800)	369,483
Donor designations, net	(820,258)	(382,598)
Net cash provided by / (used in) operating activities	2,081,774	(4,113,816)
Cash flows from investing activities:		
Sale of investments	9,408,393	6,138,042
Purchase of investments	(3,281,476)	(4,516,092)
Purchase of equipment	(806,321)	(143,591)
Net cash (used in) / provided by investing activities	5,320,596	1,478,359
Cash flows from financing activities:		
Principal payments of loan	—	(447,786)
Net cash (used in) financing activities	—	(447,786)
Net change in cash and cash equivalents	7,402,370	(3,083,243)
Cash and cash equivalents, beginning of year	9,925,957	13,009,200
Cash and cash equivalents, end of year	$ 17,328,327	9,925,957

See accompanying notes to financial statements.

(1) Organization

For 109 years, Greater Twin Cities United Way (United Way), a not-for-profit organization, has continually evolved to respond to the most pressing needs facing the Greater Twin Cities region. Focused on dismantling systemic racism and oppression and the resulting disparities among people experiencing poverty and People of Color, United Way's mission is *to unite changemakers, advocate for social good and develop solutions to address the challenges no one can solve alone.*

With a vision of a community where all people thrive, regardless of income, race or place, United Way meets urgent community needs and creates lasting change in the areas of housing, food, education and jobs. Coupling strategy and data with compassion and inclusion – with equity at the center of its work – United Way supports the community through its 2-1-1 resource helpline and as a local provider of the 988 Suicide and Crisis Lifeline, nonprofit partnerships, business partnerships, innovation initiatives and advocacy.

As one of the largest nongovernmental investors in human services in the state, United Way touches the lives of over 500,000 people per year across the Greater Twin Cities. Over the past century, United Way has invested more than $2 billion (unaudited) to support human services in the nine-county region of Anoka, Carver, Chisago, Dakota, Hennepin, Isanti, Ramsey, Scott, and western Washington counties.

(2) Summary of Significant Accounting Policies

The accounting policies of United Way conform to U.S. generally accepted accounting principles (GAAP). The following is a summary of the more significant accounting policies.

(a) Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting.

Under these provisions, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of United Way and changes therein are classified and reported as follows:

- Net assets without donor restrictions are not restricted by donors, or the donor-imposed restrictions have expired. Net assets without donor restrictions represent funds that are fully available, at the discretion of management and the Board of Directors, for United Way to utilize in any of its programs or supporting services.
  - Board-designated endowment net assets represent donations received by United Way that are earmarked by the Board of Directors as quasi-endowment to be invested separately to generate earnings that can be used to pay for operating expenses.
  - The Board-designated other net assets represent funds that were raised in a previous year and will be spent in future years at the discretion of the Board of Directors.
  - The land, building and equipment net assets represent the book value of land, building, fixtures, computers, and furniture.
  - Undesignated net assets represent a stabilization reserve intended to operate the organization, stabilize a level of grants to non-profit organizations, programs, or initiatives, meet unfunded

and unexpected organizational needs and to make up a deficiency in the annual campaign, either in results or collection experience.

- Net assets with donor restrictions are comprised of funds subject to stipulations imposed by donors. Some donor restrictions are temporary in nature and will be met by actions of United Way or by the passage of time. Other donor restrictions are perpetual in nature, the donor having stipulated the funds be maintained in perpetuity. The related income generated by those perpetual funds may be expended for such purpose as determined by United Way. Donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

  – Annual campaign net assets are pledges that are raised in one year and spent in the following year.
  – Perpetual in nature net assets are comprised of beneficial interests in irrevocable charitable trusts in which United Way receives investment income on a regular basis.
  – Purpose restrictions – endowments are permanent endowment funds and any gains/losses from those funds.
  – Time restricted for future period net assets are $1 million Century Legacy donations, which are pledged in one year and paid over a long period of time.
  – Purpose restrictions – other net assets are funds that have been restricted for specific programming.

Donor-designated endowment gains (losses) are interest and net unrealized/realized gains on donor-restricted endowments. The reclassification on the statements of activities between without donor restrictions and with donor restrictions accomplishes this designation.

(b) Contributions

Contributions, which include unconditional promises to give, are recognized as revenues in the period received. Contributed materials, fixed assets, or investments are recorded at fair value when received.

Contributions are available for unrestricted use unless specifically restricted by the donor. Contributions with donor-imposed conditions, such as time or purpose restrictions, are recorded as net assets with donor restrictions. When donor-imposed time conditions expire, or a donor-imposed purpose restriction is fulfilled, the net assets with donor restrictions are reclassified to net assets without donor restrictions. This reclassification is reported as annual campaign released from restriction or other net assets released from restriction on the statements of activities.

(i) Contributed Nonfinancial Assets

The United Way's policy is to use contributed nonfinancial assets for programmatic or other purposes unless the assets have no utility consistent with United Way's mission. Revenue from contributions of nonfinancial assets were as follows:

Department / program	2023	2022	Utilization by department / program	Donor imposed restrictions	Fair value technique
Action Day	$ 126,041	144,005	Action Day Event	Restricted to use for the Action Day Event	The fair value of in-kind revenue is based on estimates of wholesale values that would be received for selling similar products in the United States.
Advancement	877	—	Data analytics	No associated donor restrictions	The fair value of in-kind revenue is based on estimates of wholesale values that would be received for selling similar products in the United States.
Executive	—	600,000	Strategic planning consulting	No associated donor restrictions	The fair value of in-kind revenue is based on estimates of wholesale values that would be received for selling similar products in the United States.
Facilities	157,405	11,986	Snow removal & 414 Building	No associated donor restrictions	The fair value of in-kind revenue is based on estimates of wholesale values that would be received for selling similar products in the United States.

Department / program	2023	2022	Utilization by department / program	Donor imposed restrictions	Fair value technique
Home for Good	$ 80,750	59,683	Home for Good Event	Restricted use for the Home for Good event	The fair value of in-kind revenue is based on estimates of wholesale values that would be received for selling similar products in the United States.
Marketing	7,400	—	Advertising and website redesign	No associated donor restrictions	The fair value of in-kind revenue is based on estimates of wholesale values that would be received for selling similar products in the United States.
Technology	—	6,200	SalesForce Philanthropy Cloud	No associated donor restrictions	The fair value of in-kind revenue is based on estimates of wholesale values that would be received for selling similar products in the United States.
Total	$ 372,473	821,874			

(c) Annual Campaign Revenue and Expenses

United Way's annual campaign drive begins in the spring of each year, is substantially complete at December 31, and is officially complete the last day of the following March.

The donor-designated cash and pledges represent gifts that donors have directed to specific nonprofit organizations. The undesignated cash and pledges received by December 31 are for program funding, grants, and services to the community provided in the following year as determined by United Way's program review process. These cash and pledges have a donor-imposed time restriction and are reported as assets with donor restrictions until the following year.

The funds are used for:

- Program funding to other nonprofit organizations through grants;
- Designations to specific nonprofit organizations;
- Designations to other United Ways;
- Dues to United Way Worldwide;
- Community and program services provided directly by United Way; and
- Fundraising, management, and general expenses.

Campaign expenses are recorded when incurred.

An allowance for uncollectible annual campaign pledges is provided based upon management's judgment including such factors as prior collection history.

(d) Contributed Services

A number of volunteers have made significant contributions of time to United Way's programs and fundraising campaign. The value of this contributed time does not meet the criteria for recognition as contributed service revenue/expense and, accordingly, is not reflected in the accompanying financial statements.

(e) Property and Equipment

Land is recorded at cost. Buildings, building improvements, and equipment are recorded at cost, less accumulated depreciation. During 2023, the 414 South 8th Street building (the 414 Building), located next door, was vacated by its tenants. The building's ownership was reverted to United Way per the operating agreement from 1957, with the fair value recorded as contribution revenue on the statement of operations. The 414 Building was recorded at fair value of $150,000 at the time of the contribution. Depreciation is computed by use of the straight-line method based on the estimated useful lives of the various classes of assets. The cost of maintenance and repairs is recorded as expense as incurred. United Way assesses for impairment losses when conditions warrant.

(f) Cash and Cash Equivalents

Cash and cash equivalents on the statements of cash flows consist of cash held in checking and temporary investments with original maturities of less than three months.

(g) Investments

Investments consist of fixed income securities, other equity investments, closely held stock, beneficial interests and investments held at the Saint Paul & Minnesota Foundation and The Minneapolis Foundation. Fixed income securities are reported at fair value based on direct and indirect market-based prices. Investment in closely held stock consists of shares of common stock of a privately held corporation and is carried at estimated fair value as determined by an independent appraisal. Investments held at the Saint Paul & Minnesota Foundation and The Minneapolis Foundation are pooled with other organizations' funds and invested in a diversified portfolio of marketable equity and fixed income securities, and limited marketability investments, including private equities, absolute return investments, and real estate. Investments held at the Saint Paul & Minnesota Foundation and The Minneapolis Foundation are reported at fair value as reported to United Way by the Saint Paul & Minnesota Foundation and The Minneapolis Foundation. Refer to notes 4 and 5 for additional information on fair value measurement of investments.

In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the balance sheets.

(Continued)

(h) Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. The majority of expenses can be directly identified with the program or supporting services to which they relate and are charged accordingly. Other expenses have been allocated among the programs and supporting services benefitted. The expenses that are allocated include depreciation and United Way Worldwide dues, which are allocated on a headcount basis, and salaries, benefits, payroll taxes, professional services, office expenses and all other functional expenses, which are allocated based on estimates of time and effort.

(i) Fair Value of Financial Instruments

The carrying amount of United Way's cash and cash equivalents, other assets, accounts payable and accrued expenses, allocations payable, and donor designations approximates fair value primarily because of the short maturity of these instruments. The fair values of annual campaign pledges receivables, legacy receivables, grant receivables, Breakthrough Campaign receivables and endowment receivables are determined as the present value of expected future cash flows using a discount rate based on when the gift/grant was made.

(j) Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(k) Leases

ASC 842 requires lessees to recognize leases on the consolidated balance sheets and disclose key information about leasing arrangements. United Way evaluated their leasing transactions, noting no leases greater than 12 months where United Way is lessee. United Way has elected, as permitted under ASC 842 for short-term leases, not to apply the recognition requirements and instead to recognize the lease payments on a straight-line basis over the lease term. As such, there is no impact to the financial statements related to lessee transactions.

ASC 842 requires lessors to continue to recognize the underlying asset, with related lease income recorded on a straight-line basis over the lease term. United Way has leased portions of its office building at 404 South 8th Street, Minneapolis, Minnesota to other nonprofit organizations. The primary purpose of leasing office space to external nonprofit tenants is to maximize the use of the building while continuing to fulfill its tax-exempt purpose. There is no profit motive with the facility rental, and rent charged to the nonprofit organization covers direct expenses only.

Future minimum lease payments to be received as lessor as of December 31, 2023 are as follows:

2024	$	79,374
2025		62,290
2026		50,378
Total	$	192,042

(l) Subsequent Events

United Way has evaluated subsequent events through June 27, 2024, the date on which the financial statements were available to be issued. United Way is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

(m) Reclassifications

Certain prior period amounts have been reclassified to conform with the current year presentation.

(3) Liquidity and Availability

The United Way's financial assets available for general expenditure within one year of the balance sheet as of December 31 are as follows:

		2023	2022
Cash and cash equivalents	$	17,328,327	9,925,957
Annual campaign pledges receivable		14,749,223	16,109,685
Grants and other receivables, net of discount		3,004,959	1,887,237
Legacy campaign receivable, net of discount		803,090	1,003,090
Breakthrough campaign receivables, net of discount		11,831,450	11,606,592
Endowment/planned giving receivables		20,298,532	21,043,214
Investments		12,004,106	17,940,794
Investments held at the Saint Paul and Minnesota Foundation		41,602,391	39,306,490
Investments held at The Minneapolis Foundation		12,474,600	11,712,069
Total financial assets		134,096,678	130,535,128
Less:			
Amounts unavailable for general expenditures within one year, due to:			
Long-term investments		11,112,301	12,430,412
Donor designated endowment gains for future use		12,302,006	9,556,827
Restricted by donors with time restrictions		34,832,660	35,943,627
Restricted by donors in perpetuity		22,794,303	22,012,025
Total amounts unavailable for general expenditures within one year		81,041,270	79,942,891
Amounts unavailable to management without Board's approval:			
Board-designated quasi-endowment for future use		20,175,157	19,867,289
Total amounts unavailable to management without Board's approval		20,175,157	19,867,289
Plus:			
Amounts to be distributed from endowments, trusts and closely held stock	$	2,968,002	2,239,957
Total financial assets available to management for general expenditure within one year	$	35,848,253	32,964,905

As part of United Way's liquidity management, the organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. United Way invests cash that exceeds daily requirements in short-term investments, including a cash management fund and commercial paper. United Way maintains a funded stabilization reserve unencumbered and uncommitted at a level determined after taking the annual program funding and the costs of operating and maintaining the organization into account. This reserve can be utilized as needed to manage cash flow interruptions. In addition, the Board of Directors maintains a quasi-endowment fund and designates all bequeathed gifts to this fund to be available for future spending if appropriated.

(4) Investments

United Way invests funds needed for current operations in short-term instruments, including a cash management fund and commercial paper. Funds not immediately needed for operations are generally invested in fixed-income obligations with longer term investment strategies. At December 31, 2023 and 2022, United Way's investments were reported in four categories as follows:

(a) Investments

Investments are comprised of the following as of December 31:

		2023	2022
Fixed income:			
U.S. government and federal agency	$	3,657,930	4,699,511
Corporate and other		8,346,176	13,241,283
Total investments	$	12,004,106	17,940,794

(b) Investment in Closely Held Stock

United Way received shares of common stock of a privately held corporation for its endowment fund. There is no active market for the privately held stock. The value of these shares, as determined by an independent appraiser, was $7,419,230 and $5,636,540 at December 31, 2023 and 2022, respectively, and is included in net assets with donor restrictions. United Way received dividends of $130,000 and $78,000 in the years ended December 31, 2023 and 2022, respectively.

(c) Investments Held by Others

United Way receives bequests independent of the annual campaign, some of which are specified by the donors as permanent endowments, while others are undesignated and carry no stipulations. In 1988, the Board of Directors approved Planned Giving and Endowment policies whereby the principal portion of undesignated bequests will be included as board-designated endowments. Board-designated and donor-restricted endowments are invested with the Saint Paul & Minnesota Foundation and The

Minneapolis Foundation pursuant to fund agreements with each organization. The composition of investments held by others at December 31, 2023 and 2022 is summarized as follows:

		2023	2022
Investments held at the Saint Paul & Minnesota Foundation:			
Board-designated	$	12,690,202	13,554,697
Donor-restricted		28,912,189	25,751,793
	$	41,602,391	39,306,490
Investments held at The Minneapolis Foundation:			
Board-designated	$	6,290,481	5,905,965
Donor-restricted		6,184,119	5,806,104
	$	12,474,600	11,712,069

(d) Beneficial Interests in Charitable Trusts

United Way is the sole beneficiary of an irrevocable trust whose fair value is $526,615 and $501,094 at December 31, 2023 and 2022, respectively. United Way receives investment income earned and 5% of the fair value of the trust. $38,002 and $39,957 were received by United Way in 2023 and 2022, respectively. The fair value of the trust has been included in net assets with donor restrictions – perpetual in nature.

United Way is also a 5% beneficiary of an irrevocable trust whose fair value is $38,737,568 and $35,420,411 at December 31, 2023 and 2022, respectively. United Way receives a share of net income earned by the trust each year. $80,000 was received by United Way in each of the years. United Way's share of the fair value of $1,936,878 and $1,771,021 at December 31, 2023 and 2022, respectively, has been included in net assets with donor restrictions – perpetual in nature.

(5) Fair Value Measurements of Investments

Fair value measurements of investments are determined within a framework that has established a fair value hierarchy based upon the various data inputs utilized in determining the value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements).

The three levels of inputs of the fair value hierarchy are:

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 include 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 asset 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 is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table summarizes United Way's investments that were accounted for at fair value within the fair value hierarchy as of December 31, 2023:

		Level 1	Level 2	Level 3	Total
Investments:					
U.S. government and federal agency	$	—	3,657,930	—	3,657,930
Corporate and other securities		—	8,346,176	—	8,346,176
Investment in closely held stock		—	—	7,419,230	7,419,230
Investments at the Saint Paul & Minnesota Foundation		—	—	41,602,391	41,602,391
Investments at The Minneapolis Foundation		—	—	12,474,600	12,474,600
Beneficial interests in charitable trusts		—	526,615	1,936,878	2,463,493
Total investments	$	—	12,530,721	63,433,099	75,963,820
Cash equivalents	$	3,051,223	—	—	3,051,223

Cash equivalents primarily include bonds with original maturities of less than three months.

United Way did not have any transfers in or out of Level 3 during the year ended December 31, 2023.

The following table summarizes United Way's investments that were accounted for at fair value within the fair value hierarchy, as of December 31, 2022:

		Level 1	Level 2	Level 3	Total
Investments:					
U.S. government and federal agency	$	—	4,699,511	—	4,699,511
Corporate and other securities		—	13,241,283	—	13,241,283
Investment in closely held stock		—	—	5,636,540	5,636,540
Investments at the Saint Paul & Minnesota Foundation		—	—	39,306,490	39,306,490
Investments at The Minneapolis Foundation		—	—	11,712,069	11,712,069
Beneficial interests in charitable trusts		—	501,094	1,771,021	2,272,115
Total investments	$	—	18,441,888	58,426,120	76,868,008
Cash equivalents	$	102,530	1,240,441	—	1,342,971

Cash equivalents primarily include bonds with original maturities of less than three months.

United Way did not have any transfers in or out of Level 3 during the year ended December 31, 2022.

As previously noted, investments held at the Saint Paul & Minnesota Foundation and The Minneapolis Foundation are pooled with other organizations' funds and invested in a diversified portfolio of marketable equity and fixed income securities, and limited marketability investments, including private equities, absolute return investments, and real estate. A substantial portion of the underlying assets at the foundations are measured at fair value using Level 1 and Level 2 inputs. United Way's ownership in such investments is represented by an undivided interest in investment portfolios managed by each respective foundation, not in the underlying assets themselves. The undivided interests in these portfolios are not themselves publicly traded nor can they be valued based on observable direct or indirect inputs. Accordingly, they are reported as Level 3 measurements.

Level 3 assets were 84% and 76% of total investment assets at fair value at December 31, 2023 and 2022, respectively.

Quantitative information about level 3 fair value measurements

	Fair value at December 31, 2023	Valuation technique	Unobservable input	Range (weighted average)
Investment in closely held stock	$ 7,419,230	Discounted cash flow analysis*	*	*
Investments at SPMF	41,602,391	**	**	**
Investments at TMF	12,474,600	**	**	**
Beneficial interests in charitable trusts	1,936,878	**	**	**
	$ 63,433,099			

Quantitative information about level 3 fair value measurements

	Fair value at December 31, 2022	Valuation technique	Unobservable input	Range (weighted average)
Investment in closely held stock	$ 5,636,540	Discounted cash flow analysis*	*	*
Investments at SPMF	39,306,490	**	**	**
Investments at TMF	11,712,069	**	**	**
Beneficial interests in charitable trusts	1,771,021	**	**	**
	$ 58,426,120			

* – The fair value is determined by an external valuation service provider utilizing various valuation methodologies including a discounted cash flow approach with inputs such as capitalization of earnings, cash flows, and net book value of the underlying company, all of which represent amounts that market participants would take into account in determining the fair value of this type of investment.

** – United Way values these investments based upon their undivided interests in these portfolios held by either the respective foundation, charitable trust, or investment manager. A substantial portion of the underlying assets at the foundations are measured at fair value using Level 1 and Level 2 inputs. United Way receives an annual distribution from the endowment based on these investments' spending policies. For the portion of the investments that are in the United Way's quasi-endowment fund, the Board may authorize use of funds above each investment's distribution rate.

(6) Annual Campaign Pledges

A summary of annual campaign pledges, annual campaign pledges receivable, and allowance for uncollectible pledges at December 31, 2023 and 2022 is as follows:

		Original amounts of pledges		Pledges receivable	Allowance for uncollectible pledges	Net pledges receivable
Pledges from the:						
2023 campaign	$	30,821,376		9,755,408	(640,567)	9,114,841
Prior campaigns				4,393,791	(1,277,159)	3,116,632
Future campaigns				2,517,750	—	2,517,750
			$	16,666,949	(1,917,726)	14,749,223
Pledges from the:						
2022 campaign	$	35,683,150		12,380,489	(618,621)	11,761,868
Prior campaigns				4,206,759	(1,620,706)	2,586,053
Future campaigns				1,761,764	—	1,761,764
			$	18,349,012	(2,239,327)	16,109,685

United Way expects to collect the majority of pledges receivable in less than one year from the balance sheet date.

(7) Grants and Other Receivables

United Way has recorded as a receivable the following unconditional promises to give as of December 31, 2023 and 2022:

		2023	2022
Amounts due in:			
Less than one year	$	2,563,031	1,628,547
More than one year		465,000	275,000
Unconditional promises to give		3,028,031	1,903,547
Less unamortized discount at 0.37% to 4.00%		(23,072)	(16,310)
Grants and other receivables	$	3,004,959	1,887,237

(8) Legacy Campaign Receivables

United Way has recorded as a receivable the following unconditional promises to give to its Legacy Campaign program as of December 31, 2023 and 2022:

		2023	2022
Amounts due in:			
Less than one year	$	50,000	250,000
More than one year		1,150,000	1,150,000
Unconditional promises to give		1,200,000	1,400,000
Less unamortized discount at 1.65% to 3.31%		(396,910)	(396,910)
Legacy campaign receivables	$	803,090	1,003,090

(9) Breakthrough Campaign Receivables

United Way has recorded as a receivable, promises to give, with donor restrictions, as a result of its Breakthrough Campaign as of December 31, 2023 and 2022:

		2023	2022
Amounts due in:			
Less than one year	$	4,293,642	3,547,567
More than one year		8,093,750	8,739,500
Unconditional promises to give		12,387,392	12,287,067
Less unamortized discount at 0.37% to 4.00%		(555,942)	(680,475)
Breakthrough campaign receivables	$	11,831,450	11,606,592

(Continued)

(10) Endowment/Planned Giving Receivables

United Way has recorded as a receivable the following unconditional promises to give to its Endowment/Planned Giving program as of December 31, 2023 and 2022:

		2023	2022
Amounts due in:			
Less than one year	$	2,225,000	2,700,000
More than one year		23,100,000	24,600,000
Unconditional promises to give		25,325,000	27,300,000
Less unamortized discount at 2.27% to 4.00%		(5,026,468)	(6,256,786)
Endowment/planned giving receivables	$	20,298,532	21,043,214

(11) Property and Equipment

Property and equipment at December 31, 2023 and 2022 consist of the following:

		2023	2022
Land	$	33,083	33,083
Building		8,271,022	7,992,259
Furniture and equipment		2,684,024	2,815,586
		10,988,129	10,840,928
Less accumulated depreciation		(8,427,763)	(8,819,992)
Net book value	$	2,560,366	2,020,936

(12) Retirement Plans

United Way has one defined benefit plan and one defined contribution plan. The plans were assumed by United Way as a result of the merger, effective May 1, 2001, of United Way of Minneapolis Area and United Way of The Saint Paul Area, Inc. The defined benefit plan was frozen effective December 31, 2004. In 2019, the United Way terminated the defined benefit plan and final distributions for the plan occurred before December 31, 2019. Employees hired after May 1, 2001, are eligible to participate in the defined contribution 401(k) plan established January 1, 2001.

(a) Defined Benefit Plan – Twin Cities Nonprofit Partners Pension Plan

United Way participated in a multiple employer defined benefit pension plan in which 16 other nonprofit organizations also participated. Of the approximate 1,060 participants, 6.7% were United Way employees. Effective December 31, 2004, the plan froze benefit accruals and, as a result, employees did not earn additional defined benefits for future services.

As required by GAAP for this plan, an employer shall recognize as net pension cost the required contribution for the period and shall recognize as a liability any contribution due and unpaid. The funding is determined by the actuary and is allocated based on employee compensation among the participating organizations. The objective in funding the plan is to accumulate sufficient funds to provide for benefits and to achieve full funding to allow for termination of the plan. Because the plan's unfunded projected termination liability exceeds the fair market value of plan assets, continued annual contributions are required in order to achieve full funding. If any participating organization defaults on their annual contributions, the remaining organizations assume the liability and contributions of the organization in default. United Way made contributions of $0 for each of the years ended December 31, 2023 and 2022.

In July 2018, United Way and the other organizations participating in the plan voted to terminate the plan. As a result of this decision, United Way made the decision on July 26, 2018, to move 100% of the plan assets into a money market account in order to mitigate against market risk while the termination process was completed. In April of 2019, United Way and the other organizations participating in the plan voted to secure a group loan and/or an individual participating agency loan to fully fund the termination liability and purchase annuities to fulfill all obligation to participants.

In September of 2019, the plan termination was finalized with the loans secured, annuity provider selected and all final distributions occurred before December 31, 2019. United Way entered into a five-year term note with U.S. Bank National Association to fund the final distribution to participants. The initial draw down on the term note was $545,996. In addition, United Way acts as a guarantor for similar loans for select other nonprofit organizations which participated in the multiple employer defined benefit pension plan. In February of 2022, United Way made the decision to pay the remainder of the loan balance. The United Way loan balance was $0 as of December 31, 2023, and there is no further obligation related to the Twin Cities Nonprofit Partners Pension Plan.

(b) Defined Contribution Plan

Greater Twin Cities United Way 401(k) Plan: This defined contribution plan was assumed by United Way from United Way Administrative Services of the Twin Cities. The plan was established under Section 401(k) on January 1, 2001. The plan covers employees over age 21 with certain restrictions as to length of employment. United Way's cash contributions to this plan were $686,263 and $615,927 for the years ended December 31, 2023 and 2022, respectively.

(13) Income Taxes

United Way is classified as a tax-exempt organization under Minnesota Statute 290.05 and is exempt from income taxes under section 501(a) as an organization described in Section 501(c)(3) of the Internal Revenue Code, except for taxes on income determined to be unrelated business taxable income. United Way did not have any unrelated business income for the years ended December 31, 2023 and 2022. United Way assesses uncertain tax positions and has determined there were no such positions that have a material effect on the financial statements.

(14) Net Funds Granted/Distributed

Net funds granted/distributed by United Way were made in the following focus areas for the years ended December 31, 2023 and 2022:

		2023	2022
Household stability	$	5,757,157	5,791,123
Educational success		4,923,442	6,209,953
Economic opportunity		2,569,819	2,958,944
Nonprofit sector capacity building		22,500	68,055
	$	13,272,918	15,028,075

(15) Services Provided Directly by Greater Twin Cities United Way

Services provided directly by United Way for the years ended December 31, 2023 and 2022 include the following programs:

		2023	2022
Community impact strategy and grants management	$	3,257,560	3,457,190
Direct services to the community:			
2-1-1/information and referral services		6,519,052	6,887,263
Volunteer United		982,532	721,101
Goal area strategy implementation:			
Household stability:			
Full Lives/Food security		161,897	11,899
Housing		359,435	312,442
Home for Good		189,591	—
Educational success:			
Generation Next		1,114,721	892,528
Action Day		721,218	926,600
Career Academies		454,680	319,662
Start Early Funders Coalition		129,099	123,034
Early childhood		467,306	296,189
Economic opportunity:			
Financial stability programs		—	30,984

(Continued)

		2023	2022
Cross-impact area:			
Nonprofit capacity building	$	51,180	63,355
Systems change and innovation initiatives		35,000	—
Community Collaboration Committee		—	4,154
Other		60,572	54,898
	$	14,503,843	14,101,299

(16) Endowment Funds

As approved by the Board of Directors, United Way's endowments are invested with the Saint Paul & Minnesota Foundation and The Minneapolis Foundation. Its endowments include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by U.S. Generally Accepted Accounting Principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

(a) Interpretation of Relevant Law

United Way has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, United Way classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. These assets remain classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

(b) Endowment Net Asset Composition by Type of Fund as of December 31, 2023

		Without donor restrictions	With donor restrictions	Total
Board-designated endowment funds	$	20,175,157	—	20,175,157
Donor-restricted endowment funds		—	62,839,070	62,839,070
	$	20,175,157	62,839,070	83,014,227

(c) Changes in Endowment Net Assets for the Year Ended December 31, 2023

		Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	$	19,867,289	58,794,929	78,662,218
Investment return:				
Investment income		244,491	441,335	685,826
Net change in value (realized and unrealized)		1,406,747	3,968,038	5,374,785
Total investment return		1,651,238	4,409,373	6,060,611
Contributions		1,194,474	1,505,318	2,699,792
Appropriation of endowment assets		(2,537,844)	(1,870,550)	(4,408,394)
Endowment net assets, end of year	$	20,175,157	62,839,070	83,014,227

(d) Endowment Net Asset Composition by Type of Fund as of December 31, 2022

		Without donor restrictions	With donor restrictions	Total
Board-designated endowment funds	$	19,867,289	—	19,867,289
Donor-restricted endowment funds		—	58,794,929	58,794,929
	$	19,867,289	58,794,929	78,662,218

(e) Changes in Endowment Net Assets for the Year Ended December 31, 2022

		Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	$	22,412,891	47,355,322	69,768,213
Investment return:				
Investment income		198,412	363,055	561,467
Net change in value (realized and unrealized)		(2,371,373)	(4,627,769)	(6,999,142)
Total investment return		(2,172,961)	(4,264,714)	(6,437,675)
Contributions		406,639	17,313,093	17,719,732
Appropriation of endowment assets		(779,280)	(1,608,772)	(2,388,052)
Endowment net assets, end of year	$	19,867,289	58,794,929	78,662,218

(f) Description of Amounts Classified as Net Assets with Donor Restrictions (Endowment Only)

		2023	2022
Permanently restricted net assets:			
The portion of perpetual endowment funds that is required to be retained permanently by explicit donor stipulation	$	34,352,222	32,362,182
Total endowment funds classified as permanently restricted net assets	$	34,352,222	32,362,182
Temporarily restricted net assets:			
The portion of perpetual endowment funds subject to a time restriction without purpose restrictions	$	28,486,848	26,432,747
Total endowment funds classified as temporarily restricted net assets	$	28,486,848	26,432,747

Underwater Endowment Funds

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in net assets with donor restrictions and require more detailed note disclosure. United Way has a policy that permits spending from underwater endowments funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. Deficiencies of this nature do not exist.

(g) Return Objectives and Risk Parameters

As approved by the Board of Directors, United Way's endowments are invested in the Saint Paul & Minnesota Foundation's Multi-Asset Endowment Portfolio and The Minneapolis Foundation's Long Term Growth Fund and managed according to their investment and spending policies. These policies attempt to provide a consistent return on assets, preserve capital and the purchasing power of the endowment assets, while providing a predictable funding stream to support programs. Endowment assets include those assets of donor-restricted funds that United Way must hold in perpetuity as well as board-designated funds. Under these policies, the endowment assets are invested in a manner to strive for long-term returns that meet or exceed an absolute return objective plus the spending policy rate, an annual return equal to or greater than composite benchmarks made up of market indices in a similar proportion at the funds' target asset allocation, and a placement in a specified ranking within a universe of investment peers.

(h) Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, United Way relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

(i) Spending Policy and How the Investment Objectives Relate to Spending Policy

As approved by the Board of Directors, United Way’s endowments are invested in the Saint Paul & Minnesota Foundation’s Multi-Asset Endowment Portfolio and The Minneapolis Foundation’s Long-Term Growth Fund and are managed according to their investment and spending policies. United Way receives distributions each year based on these spending policies. The Saint Paul & Minnesota Foundation has a policy of appropriating for distribution each year 5.00% of the portfolio’s average market value over the last 20 calendar quarters but not less than 4.25% of the portfolio’s current market value nor more than 5.50% of the current market value. The Minneapolis Foundation has a policy of appropriating for distribution 4.00% of the fund’s average market value over the last 12 quarters. When agreeing to these spending policies, United Way considered the long term expected return on its endowments. These spending policies are consistent with United Way’s objective to maintain the purchasing power of the endowment assets held in perpetuity, to provide a consistent and predictable funding stream, and to provide additional growth through new gifts and investment return.

(17) With Donor Restriction – Purpose Restriction – Other Net Assets

Purpose restriction – other net assets include the following balances, which are time-restricted or related to specific program services at December 31, 2023 and 2022:

	2023	2022
Contributions restricted to specific programs or uses:		
Direct services to the community:		
2-1-1/information and referral services	$ 525,617	295,361
Volunteer United	250,000	282,313
Household stability:		
Full Lives/Food security	1,516,818	520,382
Housing	845,825	3,344,782
Educational success:		
Generation Next	1,550,000	1,796,737
Action Day	55,890	107,907
Career Academies	3,484,282	4,722,580
Start Early Funders Coalition	72,500	238,578
Early childhood/80x3	1,620,039	1,906,249
Educational success	113,509	113,509
Cross-impact area:		
ARISE project	56,621	76,281
Women United	93,579	121,987
Community Collaboration Committee	781,892	781,892
Systems change and innovation initiatives	11,945	11,945
Donor Infusion Fund	136,931	74,800
Undesignated breakthrough	10,144,055	6,987,610
Future year annual fund	2,881,293	2,296,764
Otto Bremer Nonprofit Community Response Fund	3,640,000	—
Other	65,647	125,773
	$ 27,846,443	23,805,450