

**SIOUX EMPIRE UNITED WAY, INC.
SIOUX FALLS, SOUTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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INDEPENDENT AUDITOR'S REPORT

To the Audit Committee
Sioux Empire United Way, Inc.
Sioux Falls, South Dakota

Opinion

We have audited the accompanying financial statements of Sioux Empire United Way, Inc. (a non-profit corporation), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sioux Empire United Way, Inc. as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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



BRADY MARTZ
SIOUX FALLS, SOUTH DAKOTA

October 15, 2025

SIoux EMPIRE UNITED WAY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
Current assets		
Cash	\$ 148,243	\$ 96,491
Cash - restricted for campaigns	1,409,334	1,539,048
Total cash	1,557,577	1,635,539
Promises to give, net	405,368	394,549
Promises to give, net - restricted for campaigns	4,974,386	4,869,133
Investments	3,715,628	3,678,878
Prepaid expenses	-	2,000
Total current assets	10,652,959	10,580,099
Property and equipment, net	16,911	15,482
Other assets		
Beneficial interest in Sioux Falls Area Community Foundation	1,428,393	1,337,274
Operating lease asset	231,716	281,827
Total other assets	1,660,109	1,619,101
Total assets	\$ 12,329,979	\$ 12,214,682
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 11,123	\$ 274
Accrued expenses and other current liabilities	30,172	56,732
Grants payable	-	105
Agency allocations payable	94,419	226,793
Current portion of operating lease liability	50,799	46,709
Total current liabilities	186,513	330,613
Long-term liabilities		
Operating lease liability	240,332	287,041
Less: current portion of operating lease liability	(50,799)	(46,709)
Long-term liabilities, net	189,533	240,332
Total liabilities	376,046	570,945
Net assets		
Without donor restrictions		
Unappropriated	1,281,209	1,112,648
Appropriated	2,474,552	2,422,801
With donor restrictions	8,198,172	8,108,288
Total net assets	11,953,933	11,643,737
Total liabilities and net assets	\$ 12,329,979	\$ 12,214,682

SEE NOTES TO THE FINANCIAL STATEMENTS

SIoux EMPIRE UNITED WAY, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024			2023		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Net public support and revenue						
Contributions	\$ 1,934,129	\$ 7,068,027	\$ 9,002,156	\$ 1,921,205	\$ 7,123,178	\$ 9,044,383
Less donor designations	-	-	-	-	(1,650)	(1,650)
Less provision for uncollectibles	-	(300,247)	(300,247)	-	(355,674)	(355,674)
Net campaign revenue	1,934,129	6,767,780	8,701,909	1,921,205	6,765,854	8,687,059
Endowment contributions	-	800	800	-	2,720	2,720
Net investment income (loss)	236,998	-	236,998	244,265	-	244,265
Change in beneficial interest in Sioux Falls Area Community Foundation	-	133,692	133,692	-	173,954	173,954
Other revenue (loss)	1,018	-	1,018	1,605	1,161	2,766
Net assets released from restrictions						
Satisfaction of campaign	6,767,854	(6,767,854)	-	6,698,683	(6,698,683)	-
Appropriation of endowment earnings	43,373	(43,373)	-	51,947	(51,947)	-
Satisfaction of program use	1,161	(1,161)	-	2,883	(2,883)	-
Total net assets released from restrictions	6,812,388	(6,812,388)	-	6,753,513	(6,753,513)	-
Total net public support and revenue	8,984,533	89,884	9,074,417	8,920,588	190,176	9,110,764
Expenses						
Program services	7,640,003	-	7,640,003	7,971,091	-	7,971,091
Supporting services	1,124,218	-	1,124,218	1,081,865	-	1,081,865
Total expenses	8,764,221	-	8,764,221	9,052,956	-	9,052,956
Change in net assets	220,312	89,884	310,196	(132,368)	190,176	57,808
Net assets, beginning of year	3,535,449	8,108,288	11,643,737	3,667,817	7,918,112	11,585,929
Net assets, end of year	\$ 3,755,761	\$ 8,198,172	\$ 11,953,933	\$ 3,535,449	\$ 8,108,288	\$ 11,643,737

SEE NOTES TO THE FINANCIAL STATEMENTS

SIOUX EMPIRE UNITED WAY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Program Services			Supporting Services			Total Expenses
	Program Communications	Community Impact	Total	Management and General	Appeal for Financial Support	Total	
Salaries	\$ 88,855	\$ 97,364	\$ 186,219	\$ 406,396	\$ 206,620	\$ 613,016	\$ 799,235
Employee benefits	9,534	10,394	19,928	44,094	23,587	67,681	87,609
Payroll taxes	6,604	7,171	13,775	30,327	15,400	45,727	59,502
Total salaries and related expenses	<u>104,993</u>	<u>114,929</u>	<u>219,922</u>	<u>480,817</u>	<u>245,607</u>	<u>726,424</u>	<u>946,346</u>
Marketing materials	9,100	-	9,100	250	120,229	120,479	129,579
United Way Worldwide dues	10,376	11,369	21,745	49,475	26,546	76,021	97,766
Occupancy	6,709	7,360	14,069	47,604	15,940	63,544	77,613
Maintenance	3,192	11,025	14,217	16,971	12,854	29,825	44,042
Supplies and printing	424	501	925	2,604	21,164	23,768	24,693
Professional services	-	-	-	22,581	-	22,581	22,581
Miscellaneous	12	-	12	18,274	185	18,459	18,471
Banking fees	-	-	-	14,118	-	14,118	14,118
Local transportation and meals	311	1,575	1,886	3,795	3,784	7,579	9,465
Telephone	775	846	1,621	3,623	1,863	5,486	7,107
Postage	-	334	334	1,639	2,565	4,204	4,538
Conferences and meetings	10	-	10	525	3,111	3,636	3,646
Insurance	308	377	685	1,128	539	1,667	2,352
Publication and dues	-	-	-	1,191	-	1,191	1,191
Subtotal	<u>31,217</u>	<u>33,387</u>	<u>64,604</u>	<u>183,778</u>	<u>208,780</u>	<u>392,558</u>	<u>457,162</u>
Depreciation	759	832	1,591	3,471	1,765	5,236	6,827
Allocations and awards	-	7,353,886	7,353,886	-	-	-	7,353,886
Total expenses	<u>\$ 136,969</u>	<u>\$ 7,503,034</u>	<u>\$ 7,640,003</u>	<u>\$ 668,066</u>	<u>\$ 456,152</u>	<u>\$ 1,124,218</u>	<u>\$ 8,764,221</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

SIoux EMPIRE UNITED WAY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services			Supporting Services			Total Expenses
	Program Communications	Community Impact	Total	Management and General	Appeal for Financial Support	Total	
Salaries	\$ 88,845	\$ 130,275	\$ 219,120	\$ 294,573	\$ 262,632	\$ 557,205	\$ 776,325
Employee benefits	13,071	19,159	32,230	43,624	38,849	82,473	114,703
Payroll taxes	6,181	9,114	15,295	20,798	18,684	39,482	54,777
Total salaries and related expenses	<u>108,097</u>	<u>158,548</u>	<u>266,645</u>	<u>358,995</u>	<u>320,165</u>	<u>679,160</u>	<u>945,805</u>
Marketing materials	4,516	-	4,516	-	122,382	122,382	126,898
United Way Worldwide dues	10,694	15,793	26,487	36,980	34,002	70,982	97,469
Occupancy	6,978	10,302	17,280	40,134	20,944	61,078	78,358
Professional services	-	8,094	8,094	18,295	15,975	34,270	42,364
Maintenance	768	7,931	8,699	18,211	10,485	28,696	37,395
Banking fees	-	-	-	16,974	-	16,974	16,974
Supplies and printing	374	353	727	2,918	13,101	16,019	16,746
Miscellaneous	457	250	707	11,195	4,537	15,732	16,439
Local transportation and meals	271	1,186	1,457	4,464	4,453	8,917	10,374
Conferences and meetings	148	-	148	1,564	6,000	7,564	7,712
Telephone	826	1,215	2,041	2,772	2,488	5,260	7,301
Postage	-	68	68	3,973	2,089	6,062	6,130
Insurance	297	414	711	928	687	1,615	2,326
Publication and dues	43	-	43	1,096	-	1,096	1,139
Subtotal	<u>25,372</u>	<u>45,606</u>	<u>70,978</u>	<u>159,504</u>	<u>237,143</u>	<u>396,647</u>	<u>467,625</u>
Depreciation	825	1,210	2,035	2,737	2,440	5,177	7,212
Amortization of software costs	140	206	346	466	415	881	1,227
Subtotal	<u>965</u>	<u>1,416</u>	<u>2,381</u>	<u>3,203</u>	<u>2,855</u>	<u>6,058</u>	<u>8,439</u>
Allocations and awards	-	7,632,737	7,632,737	-	-	-	7,632,737
Less donor designations	-	(1,650)	(1,650)	-	-	-	(1,650)
Total expenses	<u>\$ 134,434</u>	<u>\$ 7,836,657</u>	<u>\$ 7,971,091</u>	<u>\$ 521,702</u>	<u>\$ 560,163</u>	<u>\$ 1,081,865</u>	<u>\$ 9,052,956</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

SIoux EMPIRE UNITED WAY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ 310,196	\$ 57,808
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	6,827	8,439
Change in operating lease asset	50,111	(222,383)
Net realized and unrealized (gain) loss on investments	(79,485)	(99,824)
Increase (decrease) in allowance for uncollectibles	73,643	25,125
Change in beneficial interest in Sioux Falls Area Community Foundation	(133,692)	(173,954)
Contributions to endowment	(800)	(2,720)
Effects on operating cash flows due to changes in:		
Promises to give	(189,715)	144,818
Prepaid expenses	2,000	1,000
Payables	(121,525)	(130,147)
Accrued expenses	(26,665)	(4,731)
Operating lease liability	(46,709)	227,597
Net cash provided (used) by operating activities	(155,814)	(168,972)
Cash flows from investing activities:		
Purchase of investments	(766,537)	(2,773,207)
Contributions to beneficial interest in Sioux Falls Area Community Foundation	(800)	(2,720)
Proceeds from investments	852,645	2,869,008
Proceeds from beneficial interest in Sioux Falls Area Community Foundation	-	51,947
Purchase of property and equipment	(8,256)	(4,870)
Net cash provided (used) by investing activities	77,052	140,158
Cash flows from financing activities:		
Cash received for endowment	800	2,720
Net cash provided (used) by financing activities	800	2,720
Net change in cash and cash equivalents	(77,962)	(26,094)
Cash and cash equivalents at beginning of year	1,635,539	1,661,633
Cash and cash equivalents at end of year	\$ 1,557,577	\$ 1,635,539
Supplemental disclosure of noncash investing and financing activities:		
Right-of-use asset acquired with operating lease liability	\$ -	\$ 326,195

SEE NOTES TO THE FINANCIAL STATEMENTS

SIoux EMPIRE UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Sioux Empire United Way, Inc. (United Way) is a non-profit corporation located in Sioux Falls, South Dakota and operated by a volunteer board of directors elected by its members. The mission of the United Way is “to lead, sustain, and nurture a unified, effective response to community needs.” The United Way generates its revenue through annual campaigns in the Sioux Empire area to raise public support for community programs.

Basis of Accounting

Financial statement preparation follows the Financial Accounting Standards Board’s (FASB) Accounting Standards Codification (ASC) 958-205, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958-205, the United Way is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

The United Way has adopted the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America in which revenues are recorded when earned and expenses when incurred.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the United Way considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The United Way had no cash equivalents as of December 31, 2024 and 2023.

Promises to Give

Unconditional promises to give are recognized as revenue in the period received and as assets or decreases in liabilities or expenses, depending on the form of the benefits received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend are substantially met. Promises to give expected to be collected within one year are recorded at net realizable value. Promises to give expected to be collected in future years are recorded at the present value of expected future cash flows. All donor-restricted contributions are reported as increases in net assets with donor restrictions unless the restriction expires in the reporting period in which the contribution is recognized. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Allowance for uncollectibles is based on a three-year historical average adjusted by management estimates of current economic factors applied to the gross campaign, including donor designations.

Investments

Investments are carried at fair value. Fair values are generally based on quoted market prices or appraised value. Realized and unrealized gains and losses are reflected in the accompanying statements of activities and changes in net assets.

SIoux EMPIRE UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2024 AND 2023

Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the United Way has the ability to access.

Level 2: Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means; if the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

A significant portion of investment assets are classified within Level 1 because they comprise open-end mutual funds and equity securities with readily determinable fair values based on daily redemption values. The fair values of beneficial interests in the Sioux Falls Area Community Foundation are based on the fair values of trust investments as reported by the trustees. These are considered Level 3 measurements.

Beneficial Interest in Assets Held by Sioux Falls Area Community Foundation

The United Way receives funds through the Sioux Falls Area Community Foundation (Foundation) from endowments owned and administered by them for the United Way as the designated beneficiary of distributions from the endowments. The Foundation makes available for distribution 4% of the twelve-quarter trailing average balance of the funds to the United Way each year. These distributions are subject to the Foundation's power to modify or remove any restrictions or condition on the distribution of funds if, in its discretion, such restriction or condition becomes necessary, incapable of fulfillment, or inconsistent with the charitable needs of the communities served. The Foundation has not exercised such power since its establishment.

SIoux EMPIRE UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2024 AND 2023

The Foundation also holds endowment funds that designate the United Way as a beneficiary of distributions from the funds. The Foundation distributes 4% of the twelve-quarter trailing average balance of the funds to the United Way each year. These distributions are subject to the Foundation's power to modify or remove any restriction or condition on the distributions of funds if, in its discretion, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the communities served. The Foundation has not exercised such power since its establishment.

Property and Equipment

Property and equipment is recorded at cost or, if donated, at its estimated fair market value at the time of the gift. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Unless the donor has stipulated how long donated assets must be maintained, the United Way reports expirations of donor restrictions when the donated or acquired assets are placed in service; at that time, the assets are reclassified from net assets with donor restrictions to net assets without donor restrictions. Additions, renewals, and betterments greater than or equal to \$1,000 with a useful life greater than one year are capitalized. Purchases under this threshold or that do not extend the useful life are expensed as incurred. Depreciation is calculated on a straight-line basis over the estimated useful life of the related assets for book purposes.

The estimated useful lives of the depreciable assets are as follows:

	<u>Years</u>
Leasehold improvements	7 - 15
Office furniture and equipment	5 - 30
Software	3 - 5

Net Assets

The United Way's net assets and changes therein are classified and reported as follows:

Without Donor Restrictions - Unappropriated

Net assets that are not subject to donor-imposed restrictions or law over which the United Way's board of directors has discretionary control.

Without Donor Restrictions - Appropriated

The governing board has appropriated from net assets without donor restrictions net assets for the operating reserve and for specified agency funding outside of the campaign.

With Donor Restrictions

Net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

SIOUX EMPIRE UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2024 AND 2023

Restricted and Unrestricted Revenue and Support

Contributions are recorded as support without donor restrictions or support with donor restrictions, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase 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 and changes in net assets as net assets released from restrictions.

Donated Services

No amounts have been reflected in the financial statements for donated services. No objective basis is available to measure the value of such services, and these services do not meet the criteria for recognition; however, a substantial number of volunteers have donated significant amounts of time to the United Way for the fundraising campaign and community impact programs.

Donated airtime provided by United Way Worldwide has been evaluated and determined to be immaterial; as such, it is excluded from the financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and support services benefited. Expenses are allocated as follows:

Allocated on time and effort — salaries, employee benefits, payroll taxes, telephone, occupancy, United Way Worldwide dues. In addition, certain maintenance, supplies, and printing costs not readily measurable based on usage.

Allocated on usage — maintenance, supplies and printing, postage, marketing materials, local transportation and meals, conference and meetings, publications and dues, insurance, miscellaneous, depreciation, amortization of software costs.

SIOUX EMPIRE UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2024 AND 2023

Leases

The United Way accounts for leases in accordance with FASB ASC 842, *Leases*. The United Way determines if an arrangement contains a lease at inception based on whether the United Way has the right to control the asset during the contract period and other facts and circumstances.

The United Way is a lessee in one noncancelable operating lease. The United Way leases its office space under an operating lease with a one-year initial term. The lease includes unlimited options to renew for an additional one-year period with payments adjusted for inflation with each renewal.

The determination of whether an arrangement contains a lease is made at inception by evaluating whether the arrangement conveys the right to use an identified asset and whether the United Way obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. Operating and finance lease right-of-use (“ROU”) assets and liabilities for leases with an initial lease term of more than 12 months, or that contain an option to purchase that the United Way is reasonably certain to exercise, are recognized based on the present value of lease payments over the lease term discounted using the interest rate implicit in the lease. In cases where the implicit rate is not readily determinable, the United Way uses its incremental borrowing rate based on the information available at the lease commencement date. The incremental borrowing rate reflects the interest rate the United Way would have to pay to borrow funds on a collateralized basis over a similar term.

The United Way has elected the practical expedient to account for lease agreements with lease and non-lease components together as a single lease component for all underlying classes of assets.

The United Way has elected to not recognize ROU assets and lease liabilities for short-term leases. Short-term leases have a term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the United Way is reasonably certain to exercise. The United Way continues to record rent expense for short-term leases on a straight-line basis over the lease term. The United Way has elected the practical expedient for common control leases which allows it to use the written terms of the agreement to determine whether a lease exists, and how to classify and account for the lease.

The depreciable life of assets and leasehold improvements for leases among unrelated parties are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise.

The United Way’s lease agreements do not include any material residual value guarantees or restrictive covenants.

Operating Leases

The operating lease asset represents the United Way’s right to use an underlying asset for the lease term, and the ROU lease liability represents the United Way’s obligation to make lease payments arising from the lease. Operating lease agreements may contain tenant improvement allowances, rent holidays, rent escalation clauses and/or contingent rent provisions. The ROU lease asset includes any required base rent payments and excludes lease incentives and variable operating expenses. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

SIOUX EMPIRE UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2024 AND 2023

Employee Benefits

The United Way allows certain employees paid time off in proportion to years of service and hours worked each period up to a maximum of 160 hours per year. Paid time off is compensated for upon termination of employment.

Income Tax Status

The United Way is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The United Way's policy is to evaluate the likelihood that uncertain tax positions will prevail upon examination based on the extent to which those positions have substantial support with the Internal Revenue Code and Regulations, Revenue Rulings, court decisions, and other evaluations.

Risks and Uncertainties

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near term and that such changes could materially affect the net assets of the United Way.

Reclassifications

Some reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

NOTE 2 CONCENTRATIONS

Cash and Cash Equivalents

Cash and cash equivalents are exposed to concentrations of credit risk. The United Way maintains cash and cash equivalents in bank deposit accounts which, at times, may be in excess of the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000. The United Way has not experienced any losses in these accounts, and management believes it is not exposed to any significant credit risk related to cash and cash equivalents.

Investments

Investments are exposed to concentrations of credit risk. The United Way maintains investments in accounts which, at times, may be in excess of the Securities Investor Protection Corporation (SIPC) limit of \$500,000 (including a \$250,000 limit for cash). SIPC protects investment accounts in the event of broker-dealer failure. The insurance does not protect against market losses on investments.

SIOUX EMPIRE UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2024 AND 2023

NOTE 3 PROMISES TO GIVE

Unconditional promises to give are estimated to be collected as follows as of December 31:

	2024	2023
Due within one year	\$ 6,044,829	\$ 6,002,400
Less: allowance for uncollectibles	(665,075)	(738,718)
Promises to give, net	\$ 5,379,754	\$ 5,263,682

Promises to give are broken out on the statement of financial position as follows as of December 31:

	2024	2023
Promises to give, net	\$ 405,368	\$ 394,549
Promises to give, net - restricted for campaigns	4,974,386	4,869,133
Promises to give, net	\$ 5,379,754	\$ 5,263,682

NOTE 4 PROPERTY AND EQUIPMENT

Cost and accumulated depreciation and amortization for property and equipment are summarized as follows as of December 31:

	2024	2023
Land Improvements	\$ 36,734	\$ 36,734
Office furniture and equipment	65,886	88,112
Software	57,663	57,663
	160,283	182,509
Less: accumulated depreciation	(143,372)	(167,027)
Property and equipment, net	\$ 16,911	\$ 15,482

Depreciation and amortization expense totaled \$6,827 and \$8,439 for the years ended December 31, 2024 and 2023, respectively.

SIoux EMPIRE UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
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NOTE 5 INVESTMENTS

Investments, stated at market value, are classified in the accompanying statements of financial position as current assets and consist of the following as of December 31:

	2024	2023
Short-term investments		
Cash	\$ 122,933	\$ 156,143
Mutual Funds		
Equity funds	335,437	330,485
Liquid alternatives	102,757	112,657
Fixed income funds	3,154,501	3,079,593
Total investments	\$ 3,715,628	\$ 3,678,878

Investment income from the United Way's investments is composed of the following for the years ended December 31:

	2024	2023
Interest and dividend income	\$ 166,785	\$ 153,954
Realized gain (loss) on investments	(49,873)	(104,116)
Unrealized gain (loss) on investments	129,358	203,940
Less: fees associated with investments	(9,272)	(9,513)
Net investment income	\$ 236,998	\$ 244,265

NOTE 6 BENEFICIAL INTEREST IN SIOUX FALLS AREA COMMUNITY FOUNDATION

The aggregate market value of the contributions, plus income and less distributions and fees, of endowments owned and administered by the Foundation was \$1,428,393 and \$1,337,274 as of December 31, 2024 and 2023, respectively. This is reflected in the United Way's assets as a beneficial interest in the Foundation. \$52,554 and \$51,947 became available for distribution during the years ended December 31, 2024 and 2023, respectively. The net accumulated amounts available for spending as of December 31, 2024 and 2023, were \$9,181 and \$0, respectively and are included in beneficial interest in the Foundation on the statements of financial position.

The total fair market value of the endowment funds that designate the United Way as beneficiary was \$164,794 and \$151,776 as of December 31, 2024 and 2023, respectively. The United Way received distributions from the funds in the amount of \$0 and \$6,164 during the years ended December 31, 2024 and 2023, respectively.

SIOUX EMPIRE UNITED WAY, INC.
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2024 AND 2023

NOTE 7 FAIR VALUE OF FINANCIAL INSTRUMENTS

Assets measured at fair value on a recurring basis are as follows as of December 31:

	2024	2023
Equity funds	\$ 335,437	\$ 330,485
Liquid alternatives	102,757	112,657
Fixed income funds	3,154,501	3,079,593
Beneficial interest in Sioux Falls Area Community Foundation	1,428,393	1,337,274
	<u>\$ 5,021,088</u>	<u>\$ 4,860,009</u>

The related fair values of these assets are determined as follows:

	2024		
	Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Equity funds	\$ 335,437	\$ -	\$ -
Liquid alternatives	102,757	-	-
Fixed income funds	3,154,501	-	-
Beneficial interest in Sioux Falls Area Community Foundation	-	-	1,428,393
	<u>\$ 3,592,695</u>	<u>\$ -</u>	<u>\$ 1,428,393</u>

	2023		
	Quoted Prices In Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Equity funds	\$ 330,485	\$ -	\$ -
Liquid alternatives	112,657	-	-
Fixed income funds	3,079,593	-	-
Beneficial interest in Sioux Falls Area Community Foundation	-	-	1,337,274
	<u>\$ 3,522,735</u>	<u>\$ -</u>	<u>\$ 1,337,274</u>

The fair values of mutual funds are determined by reference to quoted market prices. The beneficial interest in Sioux Falls Area Community Foundation is measured at fair value using significant non-market information (unobservable inputs). Unobservable inputs are those that reflect the United Way's own assumptions about the assumptions that market participants would use in pricing the asset or liability based on the best information available. The majority of the pooled investments at Sioux Falls Area Community Foundation are level 1 investments.

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Changes in Level 3 assets are as follows for the years ended December 31:

	2024	2023
Beneficial interest in Sioux Falls Area Community Foundation, beginning of year	\$ 1,337,274	\$ 1,212,547
Contributions	800	2,720
Distributions	(43,373)	(51,947)
Change in fair value	133,692	173,954
Beneficial interest in Sioux Falls Area Community Foundation, end of year	\$ 1,428,393	\$ 1,337,274

NOTE 8 LIQUIDITY

Financial assets available to meet cash needs for general expenditures within one year of December 31 for the United Way are calculated as follows:

	2024	2023
Cash and cash equivalents	\$ 1,557,577	\$ 1,635,539
Investments	3,715,628	3,678,878
Promises to give	5,379,754	5,263,682
	10,652,959	10,578,099
Less: assets unavailable for general expenditures within one year:		
Board appropriation	(2,474,552)	(2,422,801)
Donor restrictions	(1,000)	(3,161)
Financial assets available to meet cash needs for general expenditures within a year of December 31:	\$ 8,177,407	\$ 8,152,137

Restricted promises to give are considered to be available to meet cash needs because the restrictions will be satisfied within the next twelve months. As part of the United Way's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due based on its annual budget. Operating expenses are compared to budgeted expenses on a monthly basis, and financial assets on hand are adjusted as necessary. Assets appropriated by the board are not considered financial assets available to meet cash needs for general expenditures, but, through board action, these assets can be released for general expenditures.

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NOTE 9 OPERATING LEASE

The following is a summary of the classification of lease assets and liabilities as of December 31:

	2024	2023
Operating lease expense	\$ 60,560	\$ 60,086
	2024	2023
Operating cash flows from operating leases	\$ 57,158	\$ 54,871
Weighted-average remaining lease term in years for operating leases	4.17	5.17
Weighted average discount rate	4.00%	4.00%

Future minimum payments on operating lease liability is as follows:

Year Ending December 31,	Amount
2025	\$ 59,296
2026	61,371
2027	63,519
2028	65,743
2029	11,019
Total undiscounted cash flows	260,948
Less: present value discount	(20,616)
Total lease liabilities	\$ 240,332

NOTE 10 NET ASSETS

Net Assets Without Donor Restrictions

Net assets without donor restrictions represent resources over which the United Way's board of directors has discretionary control. The board of directors has appropriated amounts as follows as of December 31:

	2024	2023
Reserve fund	\$ 2,326,509	\$ 2,326,509
Pre-campaign funds	148,043	96,292
	\$ 2,474,552	\$ 2,422,801

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Net Assets With Donor Restrictions

Net assets with donor restrictions are for the following purposes and periods as of December 31:

	2024	2023
Time/purpose restricted contributions		
Campaign results - 2025 and 2024, respectively	\$ 6,768,779	\$ 6,767,853
Receipts for future campaigns	1,000	2,000
Program restricted contributions		
VolunteerUnited	-	1,161
Perpetual in nature		
Beneficial interest in Sioux Falls Area Community Foundation	1,428,393	1,337,274
	\$ 8,198,172	\$ 8,108,288

NOTE 11 RETIREMENT PLAN

The United Way has a contributory salary reduction thrift plan covering all eligible employees. The plan includes salary deferral provisions, and the United Way will contribute 5% of employee compensation for each employee participating in the plan. Retirement expense for the years ended December 31, 2024 and 2023, was \$48,712 and \$58,771, respectively, and is included with employee benefits expense in the statements of functional expenses.

NOTE 12 RELATED-PARTY TRANSACTIONS

During a given year, the United Way will receive promises to give and contributions from members of the board of directors and employees. Promises to give and contributions from these related parties totaled \$152,857 and \$126,817 for the years ended December 31, 2024 and 2023 respectively. Additionally, the United Way paid dues to United Way Worldwide in the amounts of \$97,766 and \$97,469 during the years ended December 31, 2024 and 2023, respectively.

NOTE 13 INCOME TAXES

It is the opinion of management that the United Way has no significant uncertain tax positions that would be subject to change upon examination. The federal income tax return of the United Way is subject to examination by the IRS, generally for three years after it was filed. All filings are current.

NOTE 14 SUBSEQUENT EVENTS

Subsequent events were evaluated through October 15, 2025, the date the financial statements were available to be issued.

Subsequent to year end, the United Way was notified the operating lease for its premises will not be renewed upon expiration of the existing annual term. The lease is set to expire in March 2026. The United Way is currently evaluating alternative locations and does not expect the non-renewal to have a material adverse effect on its operations.