Financial Statements
December 31, 2012 and 2011

United Way of Cass-Clay

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Trustees
United Way of Cass-Clay
Fargo, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Cass-Clay, which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Cass-Clay as of December 31, 2012, and the results of its activities and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the United Way of Cass-Clay 2011 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 17, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Eide Bailly LLP

Fargo, North Dakota
May 28, 2013

United Way of Cass-Clay

Statements of Financial Position

December 31, 2012 and 2011

	2012				2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Assets								
Cash and cash equivalents	$ 1,208,116	$ 787,840	$ 52,573	$ 2,048,529	$ 815,550	$ 874,272	$ 48,039	$ 1,737,861
Investments	851,360	-	-	851,360	983,925	-	-	983,925
Other receivable	17,250	-	-	17,250	14,998	-	-	14,998
Prepaid expenses	4,826	-	-	4,826	2,457	-	-	2,457
Contributions receivable - prior year (net of allowance for doubtful accounts of $250,000 in 2012 and $275,000 in 2011)	209,780	-	-	209,780	210,370	-	-	210,370
Contributions receivable - current year (net of allowance for doubtful accounts of $255,000 in 2012 and $250,000 in 2011)	-	2,875,995	-	2,875,995	-	2,481,725	-	2,481,725
Land	20,000	-	-	20,000	20,000	-	-	20,000
Equipment	223,862	-	-	223,862	235,942	-	-	235,942
Building	523,003	-	-	523,003	515,369	-	-	515,369
Software	82,853	-	-	82,853	-	-	-	-
Less accumulated depreciation	(420,953)	-	-	(420,953)	(407,138)	-	-	(407,138)
	428,765	-	-	428,765	364,173	-	-	364,173
Total assets	$ 2,720,097	$ 3,663,835	$ 52,573	$ 6,436,505	$ 2,391,473	$ 3,355,997	$ 48,039	$ 5,795,509

	2012				2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Liabilities and Net Assets								
Liabilities								
Accounts payable	$ 9,280	$ -	$ -	$ 9,280	$ 1,284	$ -	$ -	$ 1,284
Deferred income	11,825	-	-	11,825	30,000	-	-	30,000
Designations payable	479,347	-	-	479,347	498,406	-	-	498,406
Other accrued liabilities	7,517	-	-	7,517	15,138	-	-	15,138
Total liabilities	507,969	-	-	507,969	544,828	-	-	544,828
Net Assets								
Unrestricted								
Undesignated, available for general activities	1,783,363	-	-	1,783,363	1,444,544	-	-	1,444,544
Designated								
Contingency fund	-	-	-	-	37,922	-	-	37,922
Property and equipment expended	428,765	-	-	428,765	364,179	-	-	364,179
Total unrestricted funds	2,212,128	-	-	2,212,128	1,846,645	-	-	1,846,645
Temporarily restricted								
Deferred pledges fund	-	3,663,835	-	3,663,835	-	3,355,997	-	3,355,997
Permanently restricted								
Endowment funds	-	-	52,573	52,573	-	-	48,039	48,039
Total net assets	2,212,128	3,663,835	52,573	5,928,536	1,846,645	3,355,997	48,039	5,250,681
Total liabilities and net assets	$ 2,720,097	$ 3,663,835	$ 52,573	$ 6,436,505	$ 2,391,473	$ 3,355,997	$ 48,039	$ 5,795,509

	2012				2011
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Pledges, Gains, and Other Support					
Campaign results	$ -	$ 4,486,541	$ -	$ 4,486,541	$ 4,233,309
Less: Amounts raised on behalf of others	-	567,706	-	567,706	627,312
Allowance for uncollectible pledges	-	255,000	-	255,000	250,000
Net campaign results	-	3,663,835	-	3,663,835	3,355,997
Amount received in current period for past campaign, net of amounts raised on behalf of others	819,434	-	-	819,434	1,289,877
Received in prior periods - released from restriction net of designations, $627,312 and allowance for uncollectibles, $250,000	3,355,997	(3,355,997)	-	-	-
Net campaign contributions	4,175,431	307,838	-	4,483,269	4,645,874
Sponsorship income	149,450	-	-	149,450	97,000
Investment income (loss)	77,980	-	-	77,980	(5,989)
Grant income	7,000	-	-	7,000	8,692
Miscellaneous income	63,414	-	4,534	67,948	6,764
Total pledges, gains, and other support	4,473,275	307,838	4,534	4,785,647	4,752,341
Allocations, Dues, and Expenses					
Funds allocated to member agencies	2,687,874	-	-	2,687,874	2,661,160
Community grants	32,870	-	-	32,870	75,563
Strategic planning	41,736	-	-	41,736	5,838
Miscellaneous expense	11,227	-	-	11,227	190
Total allocations	2,773,707	-	-	2,773,707	2,742,751
Dues to the national organization	50,011	-	-	50,011	48,217
Functional expenses					
Allocating and agency relations	104,097	-	-	104,097	191,515
Fundraising	321,963	-	-	321,963	461,173
Programs	695,790	-	-	695,790	308,569
Management and general	162,224	-	-	162,224	215,905
Total functional expenses	1,284,074	-	-	1,284,074	1,177,162
Total allocations, dues and expenses	4,107,792	-	-	4,107,792	3,968,130
Change in Net Assets	365,483	307,838	4,534	677,855	784,211
Net Assets, Beginning of Year	1,846,645	3,355,997	48,039	5,250,681	4,466,470
Net Assets, End of Year	$ 2,212,128	$ 3,663,835	$ 52,573	$ 5,928,536	$ 5,250,681

	Allocating and Agency Relations	Fund Raising	Management and General	Programs	Total Functional Expenses 2012	Total Functional Expenses 2011
Salaries	$ 63,965	$ 140,988	$ 92,109	$ 210,599	$ 507,661	$ 471,993
Employee benefits	9,595	21,148	13,816	31,590	76,149	78,473
Payroll taxes	5,374	11,845	7,738	17,693	42,650	38,743
Advertising/Promo/Printing	2,011	35,907	2,896	6,622	47,436	60,590
Campaign	3,540	68,845	5,097	18,567	96,049	42,160
Telephone/Internet	927	2,043	1,335	3,052	7,357	5,746
Postage	450	993	648	1,483	3,574	4,686
Professional Fees	202	445	12,616	665	13,928	16,824
Office and computer supplies	1,303	2,873	1,877	4,291	10,344	8,229
Travel	229	505	330	866	1,930	5,450
Training and conferences	956	2,107	1,376	3,147	7,586	9,316
Insurance	857	1,889	1,234	2,821	6,801	6,870
Utilities	915	2,017	1,318	3,013	7,263	7,702
Dues and subscriptions	528	1,164	760	1,738	4,190	5,141
Equipment rental and maintenance	2,378	5,241	3,424	7,828	18,871	19,521
Janitorial service	1,139	2,511	1,641	3,751	9,042	9,570
Building maintenance	242	534	349	797	1,922	755
Software maintenance	2,866	6,315	4,126	9,435	22,742	26,058
Volunteer recognition	68	150	98	222	538	2,405
Bank charges	2,101	4,630	3,025	6,915	16,671	15,888
Success by six	-	-	-	23,408	23,408	70,989
Imagination library	-	-	-	215,289	215,289	207,626
Non-profit management program	-	-	-	7,549	7,549	8,152
School supply drive	-	-	-	37,688	37,688	21,518
Emerging Initiatives	-	-	-	61,482	61,482	-
Day of caring	-	-	-	334	334	284
Miscellaneous	298	658	430	1,270	2,656	1,357
Total before depreciation	99,944	312,808	156,243	682,115	1,251,110	1,146,046
Depreciation of furniture, equipment and building	4,153	9,155	5,981	13,675	32,964	31,116
Total functional expenses	$ 104,097	$ 321,963	$ 162,224	$ 695,790	$ 1,284,074	$ 1,177,162

Operating Activities	
Change in net assets	$ 677,855
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation	32,965
Donations of investments	(23,437)
Change in unrealized gains/losses on investments	(50,121)
Realized loss on sale of donated investments	996
Realized gain on sale of investment	(6,060)
Changes in assets and liabilities	
Accounts receivable	(2,252)
Prepaid expenses	(2,369)
Contributions receivable	(393,680)
Accounts payable	7,996
Deferred income	(18,175)
Designations payable	(19,059)
Other accrued liabilities	(7,621)
Net Cash from Operating Activities	197,038
Investing Activities	
Purchase of investments	(67,011)
Proceeds from sale of investment	255,757
Proceeds from sale of donated investments	22,441
Purchase of property and equipment	(97,557)
Net Cash from Investing Activities	113,630
Net Change in Cash and Cash Equivalents	310,668
Cash and Cash Equivalents, Beginning of Year	1,737,861
Cash and Cash Equivalents, End of Year	$ 2,048,529

Note 1 - Organization and Summary of Significant Accounting Policies

Nature of Operations

The United Way of Cass-Clay (Organization) was organized to collect public support funds and to allocate these funds to community organizations in need.

The mission of the Organization is to bring people together to create lasting change that will improve lives. The Organization's most significant program is the Imagination Library which provides books to children in the surrounding communities.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in ASC 958, Not-for Profit Entities. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Contributions and Contributions Receivable

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or nature of any donor restrictions.

Donor restricted support is reported as an increase in temporarily or permanently restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restriction. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted. Contributions are considered current and collectible within the next year and therefore, are not discounted. The carrying amount of contributions receivable is reduced by an amount that reflects management's estimate of amounts that will not be collected.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Certificates of deposit are recorded at cost plus accrued interest. Net investment gain/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Property and Equipment

Property and equipment additions over $1,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. The Organization determined that there were no indicators of asset impairment during the years ended December 31, 2012 and 2011.

Revenue Recognition

Annual campaigns are conducted in the fall of the year to raise support for allocation to participating agencies in the subsequent calendar year. Campaign production for undesignated contributions and pledges received or receivable for annual campaigns are recognized as income in the current year as temporarily restricted net assets. Pledges are recorded in the balance sheet as receivables, and allowances are provided for amounts estimated to be uncollectible. Contributions and grants that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized. If the restrictions do not expire in the reporting period in which the revenue is recognized, the contribution or grant is classified as temporarily restricted net assets.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Organization program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received.

Comparative Data

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2011, from which the summarized information was derived.

Net Assets

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

Unrestricted Net Assets – Net assets available for use in general operations. Unrestricted board-designated net assets consist of net assets designated by the Board of Directors for contingency reserves and future property additions. The contingency reserves was approved by the Board of Directors to be moved to undesignated net assets during 2012

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that may or will be met by expenditures or actions of the Organization and/or the passage of time, and certain income earned on permanently restricted net assets that has not yet been appropriated for expenditure by the Organization's Board of Directors.

The Organization reports contributions as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Organization. The restrictions stipulate that resources be maintained permanently but permit the Organization to expend the income generated in accordance with the provisions of the agreements.

Designation of Unrestricted Net Assets

It is the policy of the Board of Trustees of the Organization to review its plans for future property improvements and acquisitions, contingency reserves, and research needs and to designate appropriate sums of unrestricted net assets to assure adequate financing of such items.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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 and those differences could be material.

Fair Value Measurements

The Organization has determined the fair value of certain assets and liabilities in accordance with generally accepted accounting principles, which provides a framework for measuring fair value.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques must maximize the use of observable inputs and minimize the use of unobservable inputs.

A fair value hierarchy prioritizes the valuation inputs into three broad levels. Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability. Level 3 inputs are unobservable inputs related to the asset or liability.

Concentrations of Credit Risk

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds.

Donated Securities

Stock gifts donated to the Organization are submitted in certificate form to the Organization or transferred to an Organization designated broker. These stocks are intended to be sold immediately, but time lapses between the receipt and the actual sale. Until these securities are sold they are listed as marketable securities.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves and to encourage contributions. The costs of advertising are expensed as incurred. Advertising costs totaled $19,453 and $28,616, respectively, for the years ended December 31, 2012 and 2011.

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. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Organization has been determined to be exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that is unrelated to its exempt purpose. The Organization has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990T) with the IRS.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

The Organization has evaluated subsequent events through May 28, 2013, the date, which the financial statements were available to be issued.

Note 2 - Investments and Investment Income

Investments as of December 31, 2012 and 2011 consist of the following:

	2012	2011
Recorded at cost plus accrued interest		
Certificates of deposit	$ 300,000	$ 500,000
Recorded at fair value		
Mutual funds	551,360	483,925
	$ 851,360	$ 983,925

Investment income consists of the following for the years ending December 31, 2012 and 2011:

	2012	2011
Interest income	$ 18,775	$ 14,865
Dividend income	3,729	2,585
Realized gain on sale of investment	5,355	4,315
Change in unrealized gains and losses on investments	50,121	(27,754)
	$ 77,980	$ (5,989)

Note 3 - Fair Value Measurements

Assets measured at fair value on a recurring basis at December 31, 2012 and 2011 are as follows:

	2012			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds				
Growth	$ 199,362	$ 199,362	$ -	$ -
Intermediate term bond	146,247	146,247	-	-
Value	153,443	153,443	-	-
World bond	32,110	32,110	-	-
High yield bond	20,198	20,198	-	-
Total assets at fair value	$ 551,360	$ 551,360	$ -	$ -

	2011			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds				
Growth	$ 181,318	$ 181,318	$ -	$ -
Intermediate term bond	139,933	139,933	-	-
Value	122,922	122,922	-	-
World bond	28,799	28,799	-	-
High yield bond	10,953	10,953	-	-
Total assets at fair value	$ 483,925	$ 483,925	$ -	$ -

The fair value for mutual funds is determined by reference to quoted market prices.

Note 4 - Endowment

The Organization’s endowment consists of funds established for unrestricted purposes. The endowment includes donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions

The Board of Trustees of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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 of Cass-Clay clarifies as permanently restricted net assets (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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Organization considers the following factors in making determination to appropriate or accumulate donor-restricted endowment funds.

1. The duration and preservation of the fund
2. The purpose of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

Permanently restricted net assets are the portion of perpetual endowment funds that are required to be retained permanently either by explicit donor stipulation or by SPMIFA. The composition of endowment net assets are composed entirely of donor permanently restricted funds.

Endowment activity for the years ended December 31, 2012 and 2011 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Balance, December 31, 2010	$ -	$ 41,774	$ 41,774
Interest income	110	-	110
Appropriated for operations	(110)	-	(110)
Restricted contribution	-	6,265	6,265
Balance, December 31, 2011	-	48,039	48,039
Interest income	96		96
Appropriated for operations	(96)		(96)
Restricted contribution		4,534	4,534
Balance, December 31, 2012	$ -	$ 52,573	$ 52,573

Funds with Deficiencies

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 SPMIFA requires the Organization to retain as a fund perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in unrestricted net assets. The Organization's policy is to fund any deficiencies. There are no such deficiencies as of December 31, 2012 and 2011.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted fund that the Organization must hold in perpetuity or for a donor-specified period(s), under this Policy as approved by the Board of Trustees the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization 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.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization's policy is to maintain sufficient financial stability for the operations of the Organization. Interest income on permanently restricted net assets is included in temporarily restricted net assets until appropriated by the Board of Trustees.

Note 5 - Temporarily and Permanently Restricted Net Assets

Temporarily Restricted Net Assets

Temporarily restricted net assets include monies received, which have not been expanded for their specific purposes. Temporarily restricted net assets as of December 31, 2012 and 2011 are as follows:

	2012	2011
Campaign pledges - net	$ 3,663,835	$ 3,355,997

In 2012, net assets were released from donor restrictions by collecting pledges or by incurring expenditures satisfying the restricted purposes in the amounts of $3,355,997. These amounts are included in net assets released from restrictions in the accompanying financial statements.

Permanently Restricted Net Assets

Permanently restricted net assets include donations received by the endowment fund of the Organization. These donations are to be kept in perpetuity. The income from the endowment fund is expendable to support the operations of the Organization.

Note 6 - Line of Credit

The Organization has a line of credit of $250,000 with Wells Fargo Bank, N.A. The variable rate (3.25% as of December 31, 2012) line of credit is secured by all commercial real estate of the Organization and expires in August 2013. No balance was outstanding as of December 31, 2012 and 2011.

Note 7 - Sharing Public Support

In accordance with an agreement between the Organization and United Way of America (national organization), the Board of Trustees authorized a contribution of 1 percent of campaign revenue to the national organization for educational and community service programs and for supporting management, general and fund raising activities on the national level.

Note 8 - Pension Plan

The Organization has a defined contribution pension plan covering employees who are at least 21 years of age and who have completed 2,080 hours of service during a calendar year. The Organization contributes, on behalf of each of the employees who are members of the plan, an amount equal to 10 percent of the annual compensation of these employees. Pension expenses amounted to $40,390 and $38,522 for the years ended December 31, 2012 and 2011, respectively.

Note 9 - Operating Leases

The Organization has various operating leases in effect for office equipment expiring at various rates through December 2013. Future minimum payments required by the terms of the leases are as follows:

2013	$ 11,795
2014	2,724
2015	1,700
2016	1,188
2017	693
	$ 18,100

Rent expense totaled $18,720 and $19,443 for the years ended December 31, 2012 and 2011, respectively.

Supplementary Information
December 31, 2012 and 2011

United Way of Cass-Clay

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Supplementary Information

The Board of Trustees
United Way of Cass-Clay
Fargo, North Dakota

We have audited the financial statements of United Way of Cass-Clay as of and for the year ended December 31, 2012, and our report thereon dated May 28, 2013, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 18 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Eide Bailly LLP

Fargo, North Dakota
May 28, 2013

		Community Grants		Annual Allotments
American Red Cross, Minn-Kota Chapter	$	-	$	110,569
Barnesville Area Helpers		-		18,769
Boy Scouts, Northern Lights Council		-		99,344
Boys and Girls Club of the RRV		-		25,037
Caring Program for Children		-		21,157
Catholic Charities of ND		-		30,659
CCRI		-		21,713
Charism		-		19,691
Churches United for the Homeless		-		99,124
Community of Care		-		20,598
Dilworth-Glyndon-Felton		-		25,127
Dorothy Day House		-		62,347
Fargo - Moorhead Family YMCA		-		235,121
FirstLINK		-		239,257
GFAS		-		20,791
Girl Scouts, Pine to Prairie Council		-		32,225
High Impact Philanthropy		-		30
Hospice of the Red River Valley		-		138,991
Lake Agassiz Habitat for Humanity		-		17,504
Lakes & Prairies Community Action Partnership		-		68,294
Lutheran Social Services of MN		-		26,912
Lutheran Social Services of ND		-		148,244
New Life Center		-		133,028
North Dakota State University (RSVP)		-		17,041
NDSU - Cass County Extension - Countdown to Kindergarten		-		15,605
Project HERO		-		11,558
Rape and Abuse Crisis Center		-		231,995
REACH		-		50,658
Red River Human Services Foundation		-		43,578
Salvation Army		-		86,662
SENDCAA		-		19,008
Sexual Abuse Treatment Program		-		17,550
Sharehouse		-		19,110
South Central Adult Services Council		-		15,370
The Arc of Cass County		-		20,757
The Arc of West Central MN		-		29,501
Village Family Service Center		-		514,877
Vocational Training Center		-		45,090
West Fargo Youth Services		-		12,601
Youthworks		-		72,364
YWCA of Cass - Clay		-		303,317
Other Community Grants		32,870		-
Total allotments to agencies of the organization		32,870		3,141,174
Amounts designated by donors		-		(453,300)
	$	32,870	$	2,687,874