



Financial Statements  
December 31, 2013 and 2012  
**United Way of Cass-Clay**

Independent Auditor's Report.....	1
Financial Statements	
Financial Position .....	3
Activities .....	5
Functional Expenses .....	6
Cash Flows .....	7
Notes to Financial Statements .....	8
Supplementary Information	
Independent Auditor's Report on Supplementary Information .....	17
Schedules of Allotments to Agencies.....	18



## **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, 2013, 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, 2013, 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 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 28, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fargo, North Dakota  
May 23, 2014

United Way of Cass-Clay  
Statements of Financial Position  
December 31, 2013 and 2012

	2013				2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Assets</b>								
Cash and cash equivalents	\$ 1,233,503	\$ 699,178	\$ 57,762	\$ 1,990,443	\$ 1,208,116	\$ 787,840	\$ 52,573	\$ 2,048,529
Investments	957,990	-	-	957,990	851,360	-	-	851,360
Other receivable	14,384	-	-	14,384	17,250	-	-	17,250
Prepaid expenses	4,573	-	-	4,573	4,826	-	-	4,826
Contributions receivable - prior year (net of allowance for doubtful accounts of \$255,000 in 2013 and \$250,000 in 2012)	308,466	-	-	308,466	209,780	-	-	209,780
Contributions receivable - current year (net of allowance for doubtful accounts of \$265,000 in 2013 and \$255,000 in 2012)	-	2,994,993	-	2,994,993	-	2,875,995	-	2,875,995
Land	20,000	-	-	20,000	20,000	-	-	20,000
Equipment	133,307	-	-	133,307	187,767	-	-	187,767
Building	506,219	-	-	506,219	523,003	-	-	523,003
Software	162,594	-	-	162,594	118,948	-	-	118,948
Less accumulated depreciation	(375,943)	-	-	(375,943)	(420,953)	-	-	(420,953)
	<u>446,177</u>	<u>-</u>	<u>-</u>	<u>446,177</u>	<u>428,765</u>	<u>-</u>	<u>-</u>	<u>428,765</u>
<b>Total assets</b>	<u>\$ 2,965,093</u>	<u>\$ 3,694,171</u>	<u>\$ 57,762</u>	<u>\$ 6,717,026</u>	<u>\$ 2,720,097</u>	<u>\$ 3,663,835</u>	<u>\$ 52,573</u>	<u>\$ 6,436,505</u>

United Way of Cass-Clay  
Statements of Financial Position  
December 31, 2013 and 2012

	2013				2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Liabilities and Net Assets</b>								
<b>Liabilities</b>								
Accounts payable	\$ 29,682	\$ -	\$ -	\$ 29,682	\$ 9,280	\$ -	\$ -	\$ 9,280
Deferred income	31,500	-	-	31,500	11,825	-	-	11,825
Designations payable	613,789	-	-	613,789	479,347	-	-	479,347
Other accrued liabilities	18,950	-	-	18,950	7,517	-	-	7,517
<b>Total liabilities</b>	<b>693,921</b>	<b>-</b>	<b>-</b>	<b>693,921</b>	<b>507,969</b>	<b>-</b>	<b>-</b>	<b>507,969</b>
<b>Net Assets</b>								
<b>Unrestricted</b>								
Undesignated, available for general activities	1,824,995	-	-	1,824,995	1,783,363	-	-	1,783,363
Board designated Property and equipment expended	446,177	-	-	446,177	428,765	-	-	428,765
<b>Total unrestricted funds</b>	<b>2,271,172</b>	<b>-</b>	<b>-</b>	<b>2,271,172</b>	<b>2,212,128</b>	<b>-</b>	<b>-</b>	<b>2,212,128</b>
<b>Temporarily restricted</b>								
Deferred pledges fund	-	3,694,171	-	3,694,171	-	3,663,835	-	3,663,835
<b>Permanently restricted</b>								
Endowment funds	-	-	57,762	57,762	-	-	52,573	52,573
<b>Total net assets</b>	<b>2,271,172</b>	<b>3,694,171</b>	<b>57,762</b>	<b>6,023,105</b>	<b>2,212,128</b>	<b>3,663,835</b>	<b>52,573</b>	<b>5,928,536</b>
<b>Total liabilities and net assets</b>	<b>\$ 2,965,093</b>	<b>\$ 3,694,171</b>	<b>\$ 57,762</b>	<b>\$ 6,717,026</b>	<b>\$ 2,720,097</b>	<b>\$ 3,663,835</b>	<b>\$ 52,573</b>	<b>\$ 6,436,505</b>

United Way of Cass-Clay  
Statement of Activities  
Year Ended December 31, 2013 (With Comparative Totals for 2012)

	2013			2012	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Pledges, Gains, and Other Support					
Campaign results	\$ -	\$ 4,724,895	\$ -	\$ 4,724,895	\$ 4,486,541
Less: Amounts raised on behalf of others	-	765,724	-	765,724	567,706
Allowance for uncollectible pledges	-	265,000	-	265,000	255,000
Net campaign results	-	3,694,171	-	3,694,171	3,663,835
Amount received in current period for past campaign, net of amounts raised on behalf of others	765,673	-	-	765,673	820,691
Received in prior periods - released from restriction net of designations, \$567,707 and allowance for uncollectibles, \$255,000	3,663,835	(3,663,835)	-	-	-
Net campaign contributions	4,429,508	30,336	-	4,459,844	4,484,526
Sponsorship income	126,750	-	-	126,750	132,250
Investment income	113,241	-	-	113,241	77,980
Grant income	22,000	-	-	22,000	7,000
Endowment income	816	-	5,189	6,005	3,943
Program fees	17,500	-	-	17,500	18,575
In kind income	56,320	-	-	56,320	37,223
Total pledges, gains, and other support	4,766,135	30,336	5,189	4,801,660	4,761,497
Allocations, Dues, and Expenses					
Funds allocated to member agencies	3,259,744	-	-	3,259,744	2,686,160
Community grants	27,820	-	-	27,820	32,868
In kind expenses	56,320	-	-	56,320	37,223
Total allocations	3,343,884	-	-	3,343,884	2,756,251
Dues to the national organization	50,104	-	-	50,104	50,011
Functional expenses					
Allocating and agency relations	120,287	-	-	120,287	106,130
Fundraising	321,078	-	-	321,078	318,716
Management and general	168,912	-	-	168,912	159,862
Programs	702,826	-	-	702,826	692,672
Total functional expenses	1,313,103	-	-	1,313,103	1,277,380
Total allocations, dues and expenses	4,707,091	-	-	4,707,091	4,083,642
Change in Net Assets	59,044	30,336	5,189	94,569	677,855
Net Assets, Beginning of Year	2,212,128	3,663,835	52,573	5,928,536	5,250,681
Net Assets, End of Year	<u>\$ 2,271,172</u>	<u>\$ 3,694,171</u>	<u>\$ 57,762</u>	<u>\$ 6,023,105</u>	<u>\$ 5,928,536</u>

United Way of Cass-Clay  
Statement of Functional Expenses  
Year Ended December 31, 2013 (With Comparative Totals for 2012)

	Allocating and Agency Relations	Fund Raising	Management and General	Programs	Total Functional Expenses 2013	Total Functional Expenses 2012
Salaries	\$ 75,366	\$ 152,848	\$ 108,912	\$ 255,860	\$ 592,986	\$ 507,661
Employee benefits	10,438	21,167	15,083	35,433	82,121	76,148
Payroll taxes	6,567	13,317	9,489	22,293	51,666	42,650
Staff development and recruitment	2,092	4,242	3,023	7,101	16,458	9,771
Advertising and promotions	102	29,538	147	3,119	32,906	40,772
Bank charges	828	9,086	1,197	7,749	18,860	16,721
Building services and supplies	2,217	4,496	3,203	7,525	17,441	11,114
Dues, subscriptions and registrations	591	1,098	782	5,596	8,067	6,884
Event facilities, food and sponsorships	388	23,237	296	29,713	53,634	33,162
Hardware, software and technology support	4,251	8,620	6,142	14,430	33,443	65,375
Insurance	999	2,026	1,444	3,392	7,861	6,801
Internet and website	523	4,103	755	3,803	9,184	3,398
Office equipment and supplies	1,463	2,987	2,114	8,462	15,026	28,095
Printing and postage	3,901	18,849	1,198	6,390	30,338	24,125
Professional fees	2,799	5,676	4,044	9,502	22,021	13,929
Telephone and utilities	1,890	3,832	2,731	6,415	14,868	11,221
Travel	214	2,914	177	1,919	5,224	3,997
Volunteer recognition	150	1,872	216	1,112	3,350	2,086
35 under 35 leadership program	-	-	-	3,308	3,308	7,042
Emerging initiatives	-	-	-	11,915	11,915	72,572
Imagination library	-	-	-	219,780	219,780	215,289
School supply drive	-	-	-	19,310	19,310	27,783
Success by six	-	-	-	-	-	17,820
<b>Total before depreciation</b>	<b>114,779</b>	<b>309,908</b>	<b>160,953</b>	<b>684,127</b>	<b>1,269,767</b>	<b>1,244,416</b>
Depreciation of furniture, equipment, software and building	5,508	11,170	7,959	18,699	43,336	32,964
<b>Total functional expenses</b>	<b>\$ 120,287</b>	<b>\$ 321,078</b>	<b>\$ 168,912</b>	<b>\$ 702,826</b>	<b>\$ 1,313,103</b>	<b>\$ 1,277,380</b>



United Way of Cass-Clay  
Statement of Cash Flows  
Year Ended December 31, 2013

---

Operating Activities	
Change in net assets	\$ 94,569
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation	43,337
Change in unrealized gains/losses on investments	(48,212)
Realized gain on sale of investment	(47,861)
Changes in assets and liabilities	
Accounts receivable	2,866
Prepaid expenses	253
Contributions receivable	(217,684)
Accounts payable	20,402
Deferred income	19,675
Designations payable	134,442
Other accrued liabilities	11,433
	<hr/>
Net Cash Used For Operating Activities	13,220
	<hr/>
Investing Activities	
Purchase of investments	(435,486)
Proceeds from sale of investment	424,929
Purchase of property and equipment	(60,749)
	<hr/>
Net Cash From Investing Activities	(71,306)
	<hr/>
Net Change in Cash and Cash Equivalents	(58,086)
	<hr/>
Cash and Cash Equivalents, Beginning of Year	2,048,529
	<hr/>
Cash and Cash Equivalents, End of Year	<u>\$ 1,990,443</u>

## **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 connect people to people, needs to resources and experts to advocates to improve lives and advance the common good throughout Cass and Clay counties. 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, 2013 and 2012.

### **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, 2012, 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.

*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 \$30,573 and \$30,938, respectively, for the years ended December 31, 2013 and 2012.

### **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 23, 2014 the date the financial statements were available to be issued.

**Note 2 - Investments and Investment Income**

Investments as of December 31, 2013 and 2012 consist of the following:

	2013	2012
Recorded at cost plus accrued interest		
Certificates of deposit	\$ 300,000	\$ 300,000
Recorded at fair value		
Mutual funds	657,990	551,360
	\$ 957,990	\$ 851,360

Investment income consists of the following for the years ending December 31, 2013 and 2012:

	2013	2012
Interest income	\$ 13,124	\$ 18,775
Dividend income	4,044	3,729
Realized gain on sale of investment	47,861	5,355
Change in unrealized gains and losses on investments	48,212	50,121
	\$ 113,241	\$ 77,980

**Note 3 - Fair Value Measurements**

Assets measured at fair value on a recurring basis at December 31, 2013 and 2012 are as follows:

	2013			
	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	\$ 199,123	\$ 199,123	\$ -	\$ -
Intermediate term bond	145,169	145,169	-	-
Value	233,966	233,966	-	-
World bond	32,822	32,822	-	-
Foreign large blend	25,545	25,545	-	-
High yield bond	21,365	21,365	-	-
Total assets at fair value	<u>\$ 657,990</u>	<u>\$ 657,990</u>	<u>\$ -</u>	<u>\$ -</u>
	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	<u>\$ 551,360</u>	<u>\$ 551,360</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2013 and 2012 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Balance, December 31, 2011	\$ -	\$ 48,039	\$ 48,039
Interest income	96	-	96
Appropriated for operations	(96)	-	(96)
Restricted contribution	-	4,534	4,534
	-	4,534	4,534
Balance, December 31, 2012	-	52,573	52,573
Interest income	60	-	60
Appropriated for operations	(60)	-	(60)
Restricted contribution	-	5,189	5,189
	-	5,189	5,189
Balance, December 31, 2013	\$ -	\$ 57,762	\$ 57,762



**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, 2013 and 2012.

**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 expended for their specific purposes. Temporarily restricted net assets as of December 31, 2013 and 2012 are as follows:

	2013	2012
Campaign pledges - net	\$ 3,694,171	\$ 3,663,835

In 2013, net assets were released from donor restrictions by collecting pledges or by incurring expenditures satisfying the restricted purposes in the amounts of \$3,663,835. 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 had a line of credit of \$250,000 with Wells Fargo Bank, N.A. The line of credit expired in August 2013. The line of credit was secured by all commercial real estate of the Organization. No balance was outstanding as of December 31, 2013 and was not renewed.

### 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 \$36,752 and \$40,511 for the years ended December 31, 2013 and 2012, 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:

2014	\$	14,856
2015		13,832
2016		11,298
2017		1,188
2018		1,188
		<hr/>
	\$	<u>42,362</u>

Rent expense totaled \$17,904 and \$18,720 for the years ended December 31, 2013 and 2012, respectively.



Supplementary Information  
December 31, 2013 and 2012

## United Way of Cass-Clay



## 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, 2013, and our report thereon dated May 23, 2014, 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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fargo, North Dakota  
May 23, 2014

United Way of Cass-Clay  
Schedules of Allotments to Agencies  
December 31, 2013

	Community Grants	Annual Allotments
American Red Cross, Minn-Kota Chapter	\$ -	\$ 105,715
Barnesville Area Helpers	-	21,470
Boy Scouts of America, Northern Lights Council	-	97,671
Boys and Girls Club of the Red River Valley	-	27,913
Catholic Charities North Dakota	-	29,642
CHARISM	-	67,559
Churches United for the Homeless	-	111,771
Community of Care	-	26,867
Creative Care for Reaching Independence	-	25,730
Dilworth-Glyndon-Felton Youth Services	-	25,374
Fargo Cass Public Health Nurse Family Partnership	-	30,690
Fargo Public Schools Even Start	-	27,959
FirstLink	-	231,815
FM Dorothy Day House of Hospitality	-	57,988
Fraser	-	11,336
Girl Scouts, Dakota Horizons	-	32,903
Guardian, Fiduciary and Advocacy Services (GFA)	-	21,928
Healthcare Equipment Recycling Organization (HERO)	-	12,309
Hospice of the Red River Valley	-	140,127
Lake Agassiz Habitat for Humanity	-	15,482
Lakes & Prairies Community Action Partnership	-	88,035
Lutheran Social Services of Minnesota	-	28,851
Lutheran Social Services of North Dakota	-	152,413
Moorhead Area Public Schools Keys to Kindergarten	-	50,000
New Life Center	-	132,367
North Dakota Autism Center	-	10,000
North Dakota Caring Foundation	-	21,869
North Dakota State University Upward Bound	-	10,690
Rape and Abuse Crisis Center	-	242,268
Red River Human Services Foundation	-	47,220
Red River Valley Dental Access Project	-	10,000
RSVP+	-	16,899
Rural Enrichment and Counseling Headquarters (REACH)	-	50,947
Salvation Army	-	83,115
Sexual Abuse Treatment Program	-	17,443
ShareHouse	-	19,094
Solutions Behavioral Healthcare Professionals	-	71,600
South Central Adult Services Council	-	16,032
South East Education Cooperative	-	40,126
SouthEastern North Dakota Community Action Agency (SENDCAA)	-	71,021
The Arc of Cass County	-	21,012
The Arc of West Central	-	32,923
The Village Family Service Center	-	630,780
TNT Kid's Fitness	-	42,843
Vocational Training Center	-	27,019
West Fargo Park District	-	8,247
YMCA of Cass and Clay Counties	-	254,471
Youthworks of North Dakota	-	75,395
YWCA Cass Clay	-	344,874
Other Community Grants	27,820	-
Total allotments to agencies of the organization	27,820	3,739,803
Amounts designated by donors	-	(480,059)
	<u>\$ 27,820</u>	<u>\$ 3,259,744</u>