



Financial Statements
December 31, 2015 and 2014
United Way of Cass-Clay

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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, 2015, 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, 2015, and the changes in its net assets 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 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 21, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 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 19, 2016

United Way of Cass-Clay
Statements of Financial Position
December 31, 2015 and 2014

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Assets								
Cash and cash equivalents	\$ 512,314	\$ 1,071,866	\$ 1,366	\$ 1,585,546	\$ 1,034,243	\$ 840,703	\$ 60,036	\$ 1,934,982
Investments	682,421	-	62,324	744,745	753,496	-	-	753,496
Other receivable	10,000	-	-	10,000	4,500	-	-	4,500
Prepaid expenses	13,299	-	-	13,299	20,246	-	-	20,246
Contributions receivable - prior year (net of allowance for doubtful accounts of \$237,500 in 2015 and \$265,000 in 2014)	206,738	-	-	206,738	216,510	-	-	216,510
Contributions receivable - current year (net of allowance for doubtful accounts of \$254,300 in 2015 and \$237,500 in 2014)	-	2,782,659	-	2,782,659	-	2,978,378	-	2,978,378
Land	20,000	-	-	20,000	20,000	-	-	20,000
Equipment	137,662	-	-	137,662	134,707	-	-	134,707
Building	543,829	-	-	543,829	490,107	-	-	490,107
Software	129,483	-	-	129,483	120,283	-	-	120,283
Less accumulated depreciation	(448,972)	-	-	(448,972)	(404,149)	-	-	(404,149)
	382,002	-	-	382,002	360,948	-	-	360,948
Total assets	\$ 1,806,774	\$ 3,854,525	\$ 63,690	\$ 5,724,989	\$ 2,389,943	\$ 3,819,081	\$ 60,036	\$ 6,269,060

United Way of Cass-Clay
Statements of Financial Position
December 31, 2015 and 2014

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Liabilities and Net Assets								
Liabilities								
Accounts payable	\$ 3,827	\$ -	\$ -	\$ 3,827	\$ 44,594	\$ -	\$ -	\$ 44,594
Deferred income	54,100	-	-	54,100	33,250	-	-	33,250
Designations payable	264,216	-	-	264,216	668,600	-	-	668,600
Other accrued liabilities	20,568	-	-	20,568	17,127	-	-	17,127
Total liabilities	<u>342,711</u>	<u>-</u>	<u>-</u>	<u>342,711</u>	<u>763,571</u>	<u>-</u>	<u>-</u>	<u>763,571</u>
Net Assets								
Unrestricted								
Undesignated, available for general activities	1,082,061	-	-	1,082,061	1,265,424	-	-	1,265,424
Board designated								
Property and equipment expended	382,002	-	-	382,002	360,948	-	-	360,948
Total unrestricted funds	<u>1,464,063</u>	<u>-</u>	<u>-</u>	<u>1,464,063</u>	<u>1,626,372</u>	<u>-</u>	<u>-</u>	<u>1,626,372</u>
Temporarily restricted								
Deferred pledges fund	-	3,854,525	-	3,854,525	-	3,819,081	-	3,819,081
Permanently restricted								
Endowment funds	-	-	63,690	63,690	-	-	60,036	60,036
Total net assets	<u>1,464,063</u>	<u>3,854,525</u>	<u>63,690</u>	<u>5,382,278</u>	<u>1,626,372</u>	<u>3,819,081</u>	<u>60,036</u>	<u>5,505,489</u>
Total liabilities and net assets	<u>\$ 1,806,774</u>	<u>\$ 3,854,525</u>	<u>\$ 63,690</u>	<u>\$ 5,724,989</u>	<u>\$ 2,389,943</u>	<u>\$ 3,819,081</u>	<u>\$ 60,036</u>	<u>\$ 6,269,060</u>

United Way of Cass-Clay
Statement of Activities
Year Ended December 31, 2015 (With Comparative Totals for 2014)

	2015			2014	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Pledges, Gains, and Other Support					
Campaign results	\$ -	\$ 4,419,396	\$ -	\$ 4,419,396	\$ 4,780,193
Less: Amounts raised on behalf of others	-	310,571	-	310,571	723,612
Allowance for uncollectible pledges	-	254,300	-	254,300	237,500
Net campaign results	-	3,854,525	-	3,854,525	3,819,081
Amount received in current period for past campaign, net of amounts raised on behalf of others	719,060	-	-	719,060	710,651
Received in prior periods - released from restriction net of designations, \$723,612 and allowance for uncollectibles, \$237,500	3,819,081	(3,819,081)	-	-	-
Net campaign contributions	4,538,141	35,444	-	4,573,585	4,529,732
Sponsorship income	152,500	-	-	152,500	162,750
Investment income (expense)	(6,537)	-	-	(6,537)	48,581
Grant income	28,663	-	-	28,663	26,482
Endowment income	475	-	3,654	4,129	4,846
Program fees	19,475	-	-	19,475	17,500
In kind income	77,633	-	-	77,633	70,311
Total pledges, gains, and other support	4,810,350	35,444	3,654	4,849,448	4,860,202
Allocations, Dues, and Expenses					
Funds allocated to member agencies	3,392,141	-	-	3,392,141	3,850,851
Community grants	25,150	-	-	25,150	17,500
Disposal of software and equipment	-	-	-	-	53,826
In kind expenses	77,633	-	-	77,633	70,311
Total allocations	3,494,924	-	-	3,494,924	3,992,488
Dues to the national organization	53,667	-	-	53,667	53,969
Functional expenses					
Allocating and agency relations	136,467	-	-	136,467	123,568
Fundraising	344,801	-	-	344,801	320,630
Management and general	183,769	-	-	183,769	170,410
Programs	759,032	-	-	759,032	716,754
Total functional expenses	1,424,068	-	-	1,424,068	1,331,361
Total allocations, dues and expenses	4,972,659	-	-	4,972,659	5,377,818
Change in Net Assets	(162,309)	35,444	3,654	(123,211)	(517,616)
Net Assets, Beginning of Year	1,626,372	3,819,081	60,036	5,505,489	6,023,105
Net Assets, End of Year	<u>\$ 1,464,063</u>	<u>\$ 3,854,525</u>	<u>\$ 63,690</u>	<u>\$ 5,382,278</u>	<u>\$ 5,505,489</u>

United Way of Cass-Clay
Statement of Functional Expenses
Year Ended December 31, 2015 (With Comparative Totals for 2014)

	Allocating and Agency Relations	Fund Raising	Management and General	Programs	Total Functional Expenses 2015	Total Functional Expenses 2014
Salaries	\$ 82,331	\$ 174,969	\$ 113,993	\$ 290,472	\$ 661,764	\$ 599,490
Employee benefits	14,154	30,081	19,598	49,938	113,771	92,896
Payroll taxes	5,987	12,723	8,289	21,122	48,122	50,188
Staff development and recruitment	5,992	12,734	8,296	21,140	48,162	21,765
Advertising and promotions	31	32,509	43	2,084	34,667	36,076
Bank charges	2,078	4,415	2,876	7,330	16,699	15,903
Building services and supplies	2,090	4,441	2,893	7,372	16,796	12,648
Dues, subscriptions and registrations	1,032	5,435	914	2,330	9,712	9,525
Event facilities, food and sponsorships	2,564	(6,296)	321	33,700	30,289	21,375
Hardware, software and technology support	4,957	10,534	6,863	17,488	39,841	31,894
Insurance	1,143	2,430	1,583	4,033	9,189	8,165
Internet and website	1,431	3,040	1,981	5,047	11,499	13,671
Office equipment and supplies	1,479	3,143	2,048	5,219	11,889	9,443
Books	-	7,941	-	6,268	14,209	376
Printing and postage	1,422	20,464	1,119	8,429	31,434	34,276
Professional fees	2,107	4,477	2,917	7,432	16,933	15,013
Telephone and utilities	1,602	3,405	2,218	5,653	12,879	13,421
Travel	448	3,624	37	1,543	5,652	3,850
Volunteer recognition	42	2,880	59	361	3,342	2,246
35 under 35 leadership program	-	-	-	4,962	4,962	4,718
Emerging initiatives	-	-	-	(4,958)	(4,958)	44,406
Imagination library	-	-	-	229,085	229,085	225,657
School supply drive	-	-	-	13,307	13,307	14,992
	<u>130,890</u>	<u>332,949</u>	<u>176,048</u>	<u>739,357</u>	<u>1,379,245</u>	<u>1,281,994</u>
Total before depreciation						
Depreciation of furniture, equipment, software and building	<u>5,576</u>	<u>11,851</u>	<u>7,721</u>	<u>19,674</u>	<u>44,823</u>	<u>49,367</u>
Total functional expenses	<u>\$ 136,467</u>	<u>\$ 344,801</u>	<u>\$ 183,769</u>	<u>\$ 759,032</u>	<u>\$ 1,424,068</u>	<u>\$ 1,331,361</u>

United Way of Cass-Clay
Statement of Cash Flows
Year Ended December 31, 2015 and 2014

	2015	2014
Operating Activities		
Change in net assets	\$ (123,211)	\$ (517,616)
Adjustments to reconcile change in net assets to net cash (used for) from operating activities		
Depreciation	44,823	49,367
Loss on disposal	-	53,826
Change in unrealized gains/losses on investments	21,649	14,354
Realized losses (gains) on sale of investment	5,519	(47,363)
Changes in assets and liabilities		
Accounts receivable	(5,500)	9,884
Prepaid expenses	6,947	(15,673)
Contributions receivable	205,491	108,571
Accounts payable	(40,767)	14,912
Deferred income	20,850	1,750
Designations payable	(404,384)	54,811
Other accrued liabilities	3,441	(1,823)
Net Cash Used For Operating Activities	(265,142)	(275,000)
Investing Activities		
Purchases of investments	(157,351)	(1,493,594)
Proceeds from sale of investment	138,934	1,731,097
Purchases of property and equipment	(65,877)	(17,964)
Net Cash (Used For) From Investing Activities	(84,294)	219,539
Net Change in Cash and Cash Equivalents	(349,436)	(55,461)
Cash and Cash Equivalents, Beginning of Year	1,934,982	1,990,443
Cash and Cash Equivalents, End of Year	\$ 1,585,546	\$ 1,934,982

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. We determine the allowance for uncollectible contribution receivables based on historical experience, an assessment of economic conditions and a review of subsequent collections. Contributions receivables are written off when deemed uncollectible.

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, 2015 and 2014.

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, 2014, 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 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 \$33,511 and \$37,838, respectively, for the years ended December 31, 2015 and 2014.

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. The Organization's form 990 and other income tax filings required by state, local or non-U.S. tax authorities are no longer subject to examination for years before 2012.

Subsequent Events

The Organization has evaluated subsequent events through May 19, 2016 the date the financial statements were available to be issued.

Note 2 - Investments and Investment Income

Investments as of December 31, 2015 and 2014 consist of the following:

	2015	2014
Recorded at fair value		
Mutual funds	\$ 544,886	\$ 548,038
Common stocks	199,859	205,458
	\$ 744,745	\$ 753,496

Investment income consists of the following for the years ending December 31, 2015 and 2014:

	2015	2014
Interest income	\$ 7,271	\$ 9,485
Dividend income	11,355	5,659
Realized gain (loss) on sale of investment	(5,520)	46,942
Change in unrealized gains and losses on investments	(19,643)	(13,505)
	\$ (6,537)	\$ 48,581

Note 3 - Fair Value Measurements

Assets measured at fair value on a recurring basis at December 31, 2015 are as follows:

	2015			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds				
Commodities broad basket	\$ 7,623	\$ 7,623	\$ -	\$ -
Conservative allocation	15,413	15,413	-	-
Diversified emerging markets	18,298	18,298	-	-
Emerging markets bond	6,142	6,142	-	-
Financial	4,402	4,402	-	-
Foreign large blend	84,909	84,909	-	-
Foreign small/mid growth	10,984	10,984	-	-
High yield bond	11,511	11,511	-	-
Intermediate term bond	201,007	201,007	-	-
Large blend	17,563	17,563	-	-
Large value	61,800	61,800	-	-
Multialternative	40,264	40,264	-	-
Real estate	8,342	8,342	-	-
Small blend	45,048	45,048	-	-
Tactical allocation	11,580	11,580	-	-
Common Stocks				
Corporate	199,859	199,859	-	-
Total assets at fair value	<u>\$ 744,745</u>	<u>\$ 744,745</u>	<u>\$ -</u>	<u>\$ -</u>

Assets measured at fair value on a recurring basis at December 31, 2014 are as follows:

	2014			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds				
Conservative allocation	\$ 14,946	\$ 14,946	\$ -	\$ -
Diversified emerging markets	21,392	21,392	-	-
Emerging markets bond	9,035	9,035	-	-
Financial	4,274	4,274	-	-
Foreign large blend	87,975	87,975	-	-
High yield bond	18,580	18,580	-	-
Intermediate term bond	192,886	192,886	-	-
Large blend	17,768	17,768	-	-
Large value	64,758	64,758	-	-
Long/short equity	23,897	23,897	-	-
Multialternative	14,601	14,601	-	-
Small blend	47,848	47,848	-	-
Tactical allocation	30,078	30,078	-	-
Common Stocks				
Corporate	205,458	205,458	-	-
Total assets at fair value	<u>\$ 753,496</u>	<u>\$ 753,496</u>	<u>\$ -</u>	<u>\$ -</u>

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

Note 4 - Endowment

The Organization's endowment consists of funds established for unrestricted purposes. The endowment consists solely of 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, 2015 and 2014 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Balance, December 31, 2013	\$ -	\$ 57,762	\$ 57,762
Investment income	389	-	389
Net appreciation (realized and unrealized)	(428)	-	(428)
Appropriated for operations	39	-	39
Restricted contribution	-	2,274	2,274
Balance, December 31, 2014	-	60,036	60,036
Investment income	1,074	-	1,074
Net appreciation (realized and unrealized)	(2,005)	-	(2,005)
Appropriated for operations	931	-	931
Restricted contribution	-	3,654	3,654
Balance, December 31, 2015	<u>\$ -</u>	<u>\$ 63,690</u>	<u>\$ 63,690</u>

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 for 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, 2015 and 2014.

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 funds that the Organization must hold in perpetuity or for a donor-specified period. Under this Policy as approved by the Board of Trustees the endowment assets are invested in a manner that is intended to provide a stable return while protecting the original value of the donation.

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 and contributions receivable, which are not restricted by donors, but are unavailable for expenditure until due. Temporarily restricted net assets as of December 31, 2015 and 2014 are as follows:

	2015	2014
Cash	\$ 1,071,866	\$ 840,703
Contributions receivable, net	2,782,659	2,978,378
	\$ 3,854,525	\$ 3,819,081

In 2015, net assets were released from donor restrictions by collecting pledges or by incurring expenditures satisfying the restricted purposes in the amounts of \$3,819,081. 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 2014 and was not renewed. The line of credit was secured by all commercial real estate of the Organization.

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 \$43,940 and \$31,954 for the years ended December 31, 2015 and 2014, respectively.

Note 9 - Operating Leases

The Organization has various operating leases in effect for office equipment expiring at various rates through October 2018. Future minimum payments required by the terms of the leases are as follows:

2016	\$	13,578
2017		13,083
2018		9,324
		<hr/>
	\$	<u>35,985</u>

Rent expense totaled \$16,739 and \$16,521 for the years ended December 31, 2015 and 2014, respectively.



Supplementary Information
December 31, 2015 and 2014

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, 2015, and our report thereon dated May 19, 2016, 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 20 through 21 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.

Fargo, North Dakota
May 19, 2016

United Way of Cass-Clay
Schedules of Allotments to Agencies
December 31, 2015

	Community Grants	Annual Allotments
American Red Cross, Dakotas Region	\$ -	\$ 74,664
Barnesville Area Helpers	-	23,737
Boy Scouts of America, Northern Lights Council	-	73,910
Boys and Girls Club of the Red River Valley	-	29,466
Catholic Charities North Dakota	-	45,921
CHARISM	-	72,756
Churches United for the Homeless	-	125,379
Community of Care	-	27,387
Creative Care for Reaching Independence	-	18,052
Fargo Cass Public Health Nurse Family Partnership	-	80,120
Fargo Public Schools Even Start	-	51,714
Fargo-Moorhead Coalition for Homeless Persons	-	35,125
FirstLink	-	173,031
FM Dorothy Day House of Hospitality	-	85,392
Fraser	-	44,782
Girl Scouts, Dakota Horizons	-	34,320
Guardian, Fiduciary and Advocacy Services (GFA)	-	16,638
Healthcare Equipment Recycling Organization (HERO)	-	11,950
Hospice of the Red River Valley	-	4,937
Lake Agassiz Habitat for Humanity	-	16,220
Lakes & Prairies Community Action Partnership	-	122,540
Legal Services of Northwest Minnesota	-	31,929
Lutheran Social Services of Minnesota	-	38,009
Lutheran Social Services of North Dakota	-	209,558
Moorhead Area Public Schools Keys to Kindergarten	-	118,240
New Life Center	-	142,925
North Dakota Autism Center	-	26,674
North Dakota State University Upward Bound	-	16,337
Rape and Abuse Crisis Center	-	267,189
Rebuilding Together	-	23,495
Red River Children's Advocacy Center	-	37,654
Red River Children's Consultation	-	32,048
Red River Human Services Foundation	-	48,067
Red River Valley Dental Access Project	-	11,192
Rural Enrichment and Counseling Headquarters (REACH)	-	34,031
Salvation Army	-	98,266
Sexual Abuse Treatment Program	-	21,919
Sisters of the Presentation of the Blessed Virgin Mary	-	19,195
Solutions Behavioral Healthcare Professionals	-	137,211
South Central Adult Services Council	-	17,726
South East Education Cooperative	-	92,495
SouthEastern North Dakota Community Action Agency (SENDCAA)	-	56,905

United Way of Cass-Clay
Schedules of Allotments to Agencies
December 31, 2015

	Community Grants	Annual Allotments
The Village Family Service Center	-	690,852
TNT Kid's Fitness & Gymnastics Academy	-	62,314
Vocational Training Center	-	18,785
YMCA of Cass and Clay Counties	-	124,998
Youthworks of North Dakota	-	74,222
YWCA Cass Clay	-	334,117
Other Community Grants	25,150	-
Total allotments to agencies of the organization	25,150	3,954,394
Amounts designated by donors	-	(562,253)
	\$ 25,150	\$ 3,392,141