



Financial Statements  
December 31, 2016 and 2015  
**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, 2016, 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, 2016, 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 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 19, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Fargo, North Dakota  
May 18, 2017

United Way of Cass-Clay  
Statements of Financial Position  
December 31, 2016 and 2015

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Assets</b>								
Cash and cash equivalents	\$ 507,781	\$ 1,238,446	\$ 1,557	\$ 1,747,784	\$ 512,314	\$ 1,071,866	\$ 1,366	\$ 1,585,546
Other receivable	53,012	-	-	53,012	10,000	-	-	10,000
Prepaid expenses	12,143	-	-	12,143	13,299	-	-	13,299
Contributions receivable - prior year (net of allowance for doubtful accounts of \$254,300 in 2016 and \$237,500 in 2015)	185,813	-	-	185,813	206,738	-	-	206,738
Contributions receivable - current year (net of allowance for doubtful accounts of \$257,000 in 2016 and \$254,300 in 2015)	-	2,746,937	-	2,746,937	-	2,782,659	-	2,782,659
Investments	722,404	2,779	65,814	790,997	682,421	-	62,324	744,745
<b>Property and Equipment</b>								
Land	20,000	-	-	20,000	20,000	-	-	20,000
Equipment	105,071	-	-	105,071	137,662	-	-	137,662
Building	555,353	-	-	555,353	543,829	-	-	543,829
Software	129,483	-	-	129,483	129,483	-	-	129,483
Less accumulated depreciation	(451,538)	-	-	(451,538)	(448,972)	-	-	(448,972)
Property and equipment, net	358,369	-	-	358,369	382,002	-	-	382,002
Total assets	<u>\$ 1,839,522</u>	<u>\$ 3,988,162</u>	<u>\$ 67,371</u>	<u>\$ 5,895,055</u>	<u>\$ 1,806,774</u>	<u>\$ 3,854,525</u>	<u>\$ 63,690</u>	<u>\$ 5,724,989</u>

United Way of Cass-Clay  
Statements of Financial Position  
December 31, 2016 and 2015

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Liabilities and Net Assets</b>								
<b>Liabilities</b>								
Accounts payable	\$ 13,007	\$ -	\$ -	\$ 13,007	\$ 3,827	\$ -	\$ -	\$ 3,827
Allocations payable	36,920	-	-	36,920	-	-	-	-
Deferred income	88,000	-	-	88,000	54,100	-	-	54,100
Designations payable	215,754	-	-	215,754	264,216	-	-	264,216
Other accrued liabilities	21,109	-	-	21,109	20,568	-	-	20,568
<b>Total liabilities</b>	<b>374,790</b>	<b>-</b>	<b>-</b>	<b>374,790</b>	<b>342,711</b>	<b>-</b>	<b>-</b>	<b>342,711</b>
<b>Net Assets</b>								
<b>Unrestricted</b>								
Undesignated, available for general activities	1,106,363	-	-	1,106,363	1,082,061	-	-	1,082,061
Board designated								
Property and equipment expended	358,369	-	-	358,369	382,002	-	-	382,002
<b>Total unrestricted funds</b>	<b>1,464,732</b>	<b>-</b>	<b>-</b>	<b>1,464,732</b>	<b>1,464,063</b>	<b>-</b>	<b>-</b>	<b>1,464,063</b>
<b>Temporarily restricted</b>								
Deferred pledges fund	-	3,985,383	-	3,985,383	-	3,854,525	-	3,854,525
Endowment funds	-	2,779	-	2,779	-	-	-	-
<b>Total temporarily restricted funds</b>	<b>-</b>	<b>3,988,162</b>	<b>-</b>	<b>3,988,162</b>	<b>-</b>	<b>3,854,525</b>	<b>-</b>	<b>3,854,525</b>
<b>Permanently restricted</b>								
Endowment funds	-	-	67,371	67,371	-	-	63,690	63,690
<b>Total net assets</b>	<b>1,464,732</b>	<b>3,988,162</b>	<b>67,371</b>	<b>5,520,265</b>	<b>1,464,063</b>	<b>3,854,525</b>	<b>63,690</b>	<b>5,382,278</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,839,522</b>	<b>\$ 3,988,162</b>	<b>\$ 67,371</b>	<b>\$ 5,895,055</b>	<b>\$ 1,806,774</b>	<b>\$ 3,854,525</b>	<b>\$ 63,690</b>	<b>\$ 5,724,989</b>

United Way of Cass-Clay  
Statement of Activities  
Year Ended December 31, 2016 (With Comparative Totals for 2015)

	2016			2015	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Pledges, Gains, and Other Support					
Campaign results	\$ -	\$ 4,538,442	\$ -	\$ 4,538,442	\$ 4,419,396
Less: Amounts raised on behalf of others	-	(296,059)	-	(296,059)	(310,571)
Allowance for uncollectible pledges	-	(257,000)	-	(257,000)	(254,300)
Net campaign results	-	3,985,383	-	3,985,383	3,854,525
Amount received in current period for past campaign, net of amounts raised on behalf of others	1,091,617	-	-	1,091,617	719,060
Received in prior periods - released from restriction net of designations, \$310,571 and allowance for uncollectibles, \$254,300	3,854,525	(3,854,525)	-	-	-
Net campaign contributions	4,946,142	130,858	-	5,077,000	4,573,585
Sponsorship income	139,450	-	-	139,450	152,500
Investment income (expense)	50,873	2,779	-	53,652	(6,537)
Grant income	-	-	-	-	28,663
Endowment contributions	-	-	3,681	3,681	4,129
Program fees	22,475	-	-	22,475	19,475
In kind income	72,303	-	-	72,303	77,633
Total pledges, gains, and other support	5,231,243	133,637	3,681	5,368,561	4,849,448
Allocations, Dues, and Expenses					
Funds allocated to member agencies	3,569,915	-	-	3,569,915	3,392,141
Community grants	-	-	-	-	25,150
In kind expenses	72,303	-	-	72,303	77,633
Total allocations	3,642,218	-	-	3,642,218	3,494,924
Dues to the national organization	63,955	-	-	63,955	53,667
Functional expenses					
Allocating and agency relations	152,976	-	-	152,976	136,467
Fundraising	390,983	-	-	390,983	344,801
Management and general	230,892	-	-	230,892	183,769
Programs	749,550	-	-	749,550	759,031
Total functional expenses	1,524,401	-	-	1,524,401	1,424,068
Total allocations, dues and expenses	5,230,574	-	-	5,230,574	4,972,659
Change in Net Assets	669	133,637	3,681	137,987	(123,211)
Net Assets, Beginning of Year	1,464,063	3,854,525	63,690	5,382,278	5,505,489
Net Assets, End of Year	\$ 1,464,732	\$ 3,988,162	\$ 67,371	\$ 5,520,265	\$ 5,382,278

United Way of Cass-Clay  
Statement of Functional Expenses  
Year Ended December 31, 2016 (With Comparative Totals for 2015)

	Allocating and Agency Relations	Fund Raising	Management and General	Programs	Total Functional Expenses 2016	Total Functional Expenses 2015
Salaries	\$ 91,839	\$ 216,142	\$ 144,182	\$ 245,086	\$ 697,250	\$ 661,764
Employee benefits	16,374	38,536	25,707	43,697	124,314	113,771
Payroll taxes	7,610	17,911	11,948	20,309	57,778	48,122
Staff development and recruitment	3,559	8,377	5,588	9,498	27,022	48,162
Advertising and promotions	3	36,446	4	925	37,378	34,667
Bank charges	2,481	5,840	3,895	6,622	18,838	16,699
Building services and supplies	2,197	5,170	3,449	5,863	16,679	16,796
Dues, subscriptions and registrations	1,129	6,044	1,234	2,142	10,549	9,712
Event facilities, food and sponsorships	4,489	(21,327)	264	23,685	7,112	30,289
Hardware, software and technology support	6,115	14,391	9,600	16,319	46,425	39,841
Insurance	1,644	3,870	2,581	4,388	12,483	9,189
Internet and website	1,911	4,498	3,000	5,100	14,510	11,499
Office equipment and supplies	1,631	3,840	2,561	4,354	12,386	11,889
Books	-	1,716	-	1,075	2,790	14,209
Printing and postage	1,738	19,976	1,720	8,276	31,711	31,434
Professional fees	2,250	5,295	3,532	6,004	17,081	16,933
Telephone and utilities	1,646	3,875	2,585	4,393	12,499	12,879
Travel	624	3,819	39	974	5,456	5,652
Volunteer recognition	142	3,404	223	497	4,266	3,342
35 under 35 leadership program	-	-	-	9,033	9,033	4,962
Emerging initiatives	-	-	-	59,483	59,483	(4,958)
Imagination library	-	-	-	226,338	226,338	229,085
School supply drive	-	-	-	30,567	30,567	13,307
<b>Total before depreciation</b>	<b>147,384</b>	<b>377,823</b>	<b>222,113</b>	<b>734,628</b>	<b>1,481,948</b>	<b>1,379,245</b>
Depreciation of furniture, equipment, software and building	5,592	13,160	8,779	14,922	42,453	44,823
<b>Total functional expenses</b>	<b>\$ 152,976</b>	<b>\$ 390,983</b>	<b>\$ 230,892</b>	<b>\$ 749,550</b>	<b>\$ 1,524,401</b>	<b>\$ 1,424,068</b>



United Way of Cass-Clay  
Statement of Cash Flows  
Year Ended December 31, 2016 and 2015)

	2016	2015
Operating Activities		
Change in net assets	\$ 137,987	\$ (123,211)
Adjustments to reconcile change in net assets to net cash (used for) from operating activities		
Depreciation	42,453	44,823
Change in unrealized gains and losses on investments	(42,491)	21,649
Realized losses (gains) on sale of investment	6,344	5,519
Changes in assets and liabilities		
Accounts receivable	(43,012)	(5,500)
Prepaid expenses	1,156	6,947
Contributions receivable	56,647	205,491
Accounts payable	9,180	(40,767)
Allocations payable	36,920	-
Deferred income	33,900	20,850
Designations payable	(48,462)	(404,384)
Other accrued liabilities	541	3,441
	191,163	(265,142)
Net Cash From (Used For) Operating Activities		
Investing Activities		
Purchases of investments	(163,557)	(157,351)
Proceeds from sale of investment	153,452	138,934
Purchases of property and equipment	(18,820)	(65,877)
	(28,925)	(84,294)
Net Cash Used For Investing Activities		
Net Change in Cash and Cash Equivalents	162,238	(349,436)
Cash and Cash Equivalents, Beginning of Year	1,585,546	1,934,982
Cash and Cash Equivalents, End of Year	\$ 1,747,784	\$ 1,585,546

## **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**

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. Net investment gain or loss is reported in the statement of activities and consists of interest and dividend income, and realized and unrealized capital gains and losses.

### **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, 2016 and 2015.

### **Deferred Income**

Deferred income consists of payments received from individuals and corporations for participation in 2017 programs and sponsorships.

### **Designations Payable**

Designations payable consists of contributions received and directed by donors to specific non-profits or programs that the Organization serves, and to other United Way organizations.

### **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, 2015, 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 restricted by donors as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases to temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in that statements 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.

### **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.

### **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 \$32,956 and \$33,511, for the years ended December 31, 2016 and 2015.

### **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 2013.

### **Subsequent Events**

The Organization has evaluated subsequent events through May 18, 2017 the date the financial statements were available to be issued.

**Note 2 - Investments and Investment Income**

Investments as of December 31, 2016 and 2015 consist of the following:

	2016	2015
Recorded at fair value		
Mutual funds	\$ 574,931	\$ 544,886
Common stocks	216,066	199,859
	\$ 790,997	\$ 744,745

Investment income consists of the following for the years ending December 31, 2016 and 2015:

	2016	2015
Interest income	\$ 8,240	\$ 7,271
Dividend income	9,265	11,355
Realized loss on sales of investment	(6,344)	(5,520)
Change in unrealized gains and losses on investments	42,491	(19,643)
	\$ 53,652	\$ (6,537)

**Note 3 - Fair Value Measurements**

The Organization reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

A significant portion of the Organization's investment assets are classified within Level 1 because they are open-end mutual funds with readily determinable fair values based on daily redemption values.

Assets measured at fair value on a recurring basis at December 31, 2016 are as follows:

	Total	2016		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds				
Diversified emerging markets	\$ 20,163	\$ 20,163	\$ -	\$ -
Emerging markets bond	6,162	6,162	-	-
Financial	5,835	5,835	-	-
Foreign large blend	80,828	80,828	-	-
Foreign large growth	3,893	3,893	-	-
Foreign small/mid growth	12,085	12,085	-	-
High yield bond	15,181	15,181	-	-
Inflation protected bond	14,203	14,203	-	-
Intermediate term bond	214,523	214,523	-	-
Large blend	19,486	19,486	-	-
Large value	63,230	63,230	-	-
Multialternative	32,975	32,975	-	-
Real estate	21,738	21,738	-	-
Small blend	51,973	51,973	-	-
Tactical allocation	11,250	11,250	-	-
World bond	1,406	1,406	-	-
Common stocks				
Basic materials	8,341	8,341	-	-
Consumer goods	27,051	27,051	-	-
Financial	45,344	45,344	-	-
Healthcare	30,694	30,694	-	-
Industrial goods	24,412	24,412	-	-
Services	43,726	43,726	-	-
Technology	32,669	32,669	-	-
Utilities	3,829	3,829	-	-
Total assets at fair value	<u>\$ 790,997</u>	<u>\$ 790,997</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Total	2015		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Mutual funds</b>				
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	-	-
<b>Common stocks</b>				
Basic materials	7,914	7,914	-	-
Consumer goods	29,668	29,668	-	-
Financial	37,055	37,055	-	-
Healthcare	33,155	33,155	-	-
Industrial goods	30,291	30,291	-	-
Services	38,407	38,407	-	-
Technology	23,369	23,369	-	-
Total assets at fair value	<u>\$ 744,745</u>	<u>\$ 744,745</u>	<u>\$ -</u>	<u>\$ -</u>

The fair value of mutual funds and common stocks is determined by reference to quoted market prices.

#### Note 4 - Endowment

The endowment consists solely of donor-restricted endowment funds. The income on the endowment is expendable to support the operations of the Organization. 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 North Dakota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, United Way 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 UPMIFA. The Organization considers the following factors in making determination to appropriate or accumulate donor-restricted endowment funds.

- The duration and preservation of the fund
- The purpose of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- 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 UPMIFA. The composition of endowment net assets are composed entirely of donor permanently restricted funds.

Endowment activity for the years ended December 31, 2016 and 2015 are as follows:

	Temporarily Restricted	Permanently Restricted	Total
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
	-	3,654	3,654
Balance, December 31, 2015	-	63,690	63,690
Investment income	825	-	825
Net appreciation (realized and unrealized)	1,954	-	1,954
Restricted contribution	-	3,681	3,681
	-	3,681	3,681
Balance, December 31, 2016	\$ 2,779	\$ 67,371	\$ 70,150

**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 UPMIFA 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, 2016 and 2015.

**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. Temporarily restricted net assets as of December 31, 2016 and 2015 are as follows:

	2016	2015
Cash	\$ 1,238,446	\$ 1,071,866
Contributions receivable - net	2,746,937	2,782,659
Unspent appreciation of Endowment funds	2,779	-
	\$ 3,988,162	\$ 3,854,525

In 2016 and 2015, net assets were released from donor restrictions by collecting pledges or by incurring expenditures satisfying the restricted purposes in the amounts of \$3,854,525 and \$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 - 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% 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 7 - 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% of the annual compensation of these employees. Pension expenses amounted to \$51,158 and \$43,940 for the years ended December 31, 2016 and 2015.

**Note 8 - 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:

	Amount
2017	\$ 13,083
2018	9,324
	\$ 22,407

Rent expense totaled \$18,167 and \$16,739 for the years ended December 31, 2016 and 2015.



Supplementary Information  
December 31, 2016 and 2015

## 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, 2016, and our report thereon dated May 18, 2017, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. 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 19 through 20 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".

Fargo, North Dakota  
May 18, 2017

United Way of Cass-Clay  
Schedules of Allotments to Agencies  
December 31, 2016

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	Annual Allotments
American Red Cross, Dakotas Region	\$ 62,991
Barnesville Area Helpers	17,625
Boy Scouts of America, Northern Lights Council	63,521
Boys and Girls Club of the Red River Valley	23,186
Catholic Charities North Dakota	23,924
CHARISM	74,128
Churches United for the Homeless	103,027
Community of Care	26,000
Creative Care for Reaching Independence	11,646
Fargo Cass Public Health Nurse Family Partnership	76,261
Fargo Public Schools Even Start	50,064
Fargo-Moorhead Coalition for Homeless Persons	30,391
FirstLink	170,264
FM Dorothy Day House of Hospitality	57,206
Fraser	25,383
Girl Scouts, Dakota Horizons	30,284
Great Plains Food Bank	93,818
Healthcare Equipment Recycling Organization (HERO)	10,000
Hospice of the Red River Valley	34,898
Lake Agassiz Habitat for Humanity	35,122
Lakes & Prairies Community Action Partnership	117,602
Legal Services of Northwest Minnesota	30,000
Lutheran Social Services of Minnesota	35,556
Lutheran Social Services of North Dakota	138,400
Moorhead Area Public Schools Keys to Kindergarten	107,744
New Life Center	132,525
North Dakota Autism Center	20,401
North Dakota State University Upward Bound	15,287
Rape and Abuse Crisis Center	200,182
Rebuilding Together	25,738
Red River Children's Advocacy Center	30,869
Red River Children's Consultation	30,000
Red River Human Services Foundation	46,955
Rural Enrichment and Counseling Headquarters (REACH)	31,600
Salvation Army	44,642
Sexual Abuse Treatment Program	16,308
Sisters of the Presentation of the Blessed Virgin Mary	156,627
Solutions Behavioral Healthcare Professionals	114,000
South Central Adult Services Council	17,000
South East Education Cooperative	91,886
SouthEastern North Dakota Community Action Agency (SENDCAA)	50,749

United Way of Cass-Clay  
Schedules of Allotments to Agencies  
December 31, 2016

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	<u>Annual Allotments</u>
The Village Family Service Center	\$ 665,586
TNT Kid's Fitness & Gymnastics Academy	48,409
Vocational Training Center	16,487
YMCA of Cass and Clay Counties	175,072
Youthworks of North Dakota	70,120
YWCA Cass Clay	<u>307,804</u>
 Total allotments to agencies of the organization	 3,757,288
Amounts designated by donors	<u>(187,373)</u>
	 <u>\$ 3,569,915</u>