



Financial Statements
December 31, 2018 and 2017

United Way of Cass-Clay, Inc.

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of United Way of Cass-Clay, Inc., which comprise the statement of financial position as of December 31, 2018, 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, Inc. as of December 31, 2018, 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the Organization has adopted the provisions of Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. Accordingly, the December 31, 2017 financial statements have been restated to adopt this standard. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited 2017 of financial statements of United Way of Cass-Clay, Inc., and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 14, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017 is consistent, in all material respects with the exception of the adoption of ASU 2016-14 identified in the preceding paragraph, 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 16, 2019

United Way of Cass-Clay, Inc.
Statements of Financial Position
December 31, 2018 (With Comparative Totals for 2017)

	2018			2017 Restated		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Assets						
Current Assets						
Cash and cash equivalents	\$ 847,779	\$ 1,219,884	\$ 2,067,663	\$ 757,079	\$ 1,078,075	\$ 1,835,154
Other receivable	9,100	-	9,100	15,250	-	15,250
Prepaid expenses	5,313	-	5,313	6,897	-	6,897
Contributions receivable - prior year (net of allowance for doubtful accounts of \$190,000 in 2018 and \$110,000 in 2017)	257,625	-	257,625	261,434	-	261,434
Contributions receivable - current year (net of allowance for doubtful accounts of \$140,000 in 2018 and \$145,000 in 2017)	-	2,590,161	2,590,161	-	2,740,314	2,740,314
Total current assets	1,119,817	3,810,045	4,929,862	1,040,660	3,818,389	4,859,049
Investments	780,117	77,851	857,968	813,906	78,043	891,949
Property and Equipment						
Land	20,000	-	20,000	20,000	-	20,000
Equipment	110,293	-	110,293	99,115	-	99,115
Building	555,353	-	555,353	555,353	-	555,353
Software	138,733	-	138,733	135,108	-	135,108
Less accumulated depreciation	(523,710)	-	(523,710)	(482,819)	-	(482,819)
Property and equipment, net	300,669	-	300,669	326,757	-	326,757
Total assets	\$ 2,200,603	\$ 3,887,896	\$ 6,088,499	\$ 2,181,323	\$ 3,896,432	\$ 6,077,755

United Way of Cass-Clay, Inc.
Statements of Financial Position
December 31, 2018 (With Comparative Totals for 2017)

	2018			2017 Restated		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Liabilities and Net Assets						
Current Liabilities						
Accounts payable	\$ 18,529	\$ -	\$ 18,529	\$ 16,259	\$ -	\$ 16,259
Allocations payable	62,119	-	62,119	77,775	-	77,775
Deferred income	29,500	-	29,500	36,500	-	36,500
Designations payable	211,548	-	211,548	238,216	-	238,216
Other accrued liabilities	33,768	-	33,768	23,867	-	23,867
Total current liabilities	355,464	-	355,464	392,617	-	392,617
Net Assets						
Without donor restrictions						
Undesignated, available for general activities	1,544,470	-	1,544,470	1,461,949	-	1,461,949
Invested in property and equipment	300,669	-	300,669	326,757	-	326,757
Total net assets without donor restrictions	1,845,139	-	1,845,139	1,788,706	-	1,788,706
With donor restrictions						
Deferred pledges fund	-	3,810,045	3,810,045	-	3,815,551	3,815,551
Unspent appreciation on endowment funds	-	7,760	7,760	-	12,350	12,350
Endowment funds	-	70,091	70,091	-	68,531	68,531
Total net assets with donor restrictions	-	3,887,896	3,887,896	-	3,896,432	3,896,432
Total net assets	1,845,139	3,887,896	5,733,035	1,788,706	3,896,432	5,685,138
Total liabilities and net assets	\$ 2,200,603	\$ 3,887,896	\$ 6,088,499	\$ 2,181,323	\$ 3,896,432	\$ 6,077,755

United Way of Cass-Clay, Inc.
Statement of Activities
Year Ended December 31, 2018 (With Comparative Totals for 2017)

	2018			2017
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Pledges, Gains, and Other Support				
Campaign results	\$ -	\$ 4,184,957	\$ 4,184,957	\$ 4,226,895
Less: Amounts raised on behalf of others	-	(234,912)	(234,912)	(266,344)
Allowance for uncollectible pledges	-	(140,000)	(140,000)	(145,000)
Net campaign results	-	3,810,045	3,810,045	3,815,551
Amount received in current period for past campaign, net of amounts raised on behalf of others	1,350,777	-	1,350,777	1,267,213
Received in prior periods - released from restriction net of designations, \$266,344 and allowance for uncollectibles, \$145,000	3,815,551	(3,815,551)	-	-
Net campaign contributions	5,166,328	(5,506)	5,160,822	5,082,764
Sponsorship income	178,250	-	178,250	145,350
Investment income (loss)	(38,526)	(4,590)	(43,116)	121,490
Endowment contributions	-	1,560	1,560	1,160
Grant income	113,204	-	113,204	-
Program fees	35,710	-	35,710	17,500
In-kind income	111,064	-	111,064	71,320
Total pledges, gains, and other support	5,566,030	(8,536)	5,557,494	5,439,584
Allocations, Dues, and Expenses				
Funds allocated to member agencies	3,476,045	-	3,476,045	3,483,338
Community grants	-	-	-	24,411
In-kind expenses	111,064	-	111,064	71,320
Total allocations	3,587,109	-	3,587,109	3,579,069
Dues to the national organization	60,150	-	60,150	59,030
Functional expenses				
Allocating and agency relations	179,622	-	179,622	161,922
Fundraising	454,847	-	454,847	447,763
Management and general	237,660	-	237,660	221,726
Programs	990,209	-	990,209	805,201
Total functional expenses	1,862,338	-	1,862,338	1,636,612
Total allocations, dues and expenses	5,509,597	-	5,509,597	5,274,711
Change in Net Assets	56,433	(8,536)	47,897	164,873
Net Assets, Beginning of Year	1,788,706	3,896,432	5,685,138	5,520,265
Net Assets, End of Year	\$ 1,845,139	\$ 3,887,896	\$ 5,733,035	\$ 5,685,138

United Way of Cass-Clay, Inc.
Statement of Functional Expenses
Year Ended December 31, 2018 (With Comparative Totals for 2017)

	Allocating and Agency Relations	Fund Raising	Management and General	Programs	Total Functional Expenses 2018	Total Functional Expenses 2017
Salaries	\$ 110,911	\$ 230,392	\$ 147,999	\$ 347,969	\$ 837,270	\$ 751,220
Employee benefits	20,201	41,963	26,956	63,378	152,497	118,116
Payroll taxes and fees	11,680	24,262	15,585	36,644	88,171	58,620
Staff development and recruitment	5,882	12,219	7,850	18,456	44,407	52,835
Advertising and promotions	85	42,186	113	523	42,907	51,471
Bank charges	3,148	6,540	4,201	9,877	23,766	16,814
Building services and supplies	2,036	4,230	2,717	6,389	15,373	14,146
Dues, subscriptions and registrations	858	6,899	1,112	2,630	11,500	10,643
Event facilities, food and sponsorships	717	(6,420)	194	55,706	50,197	44,531
Hardware, software and technology support	8,455	17,564	11,283	26,527	63,829	58,177
Insurance	1,357	2,818	1,810	4,256	10,241	9,874
Internet and website	1,360	2,826	1,815	4,268	10,270	10,079
Office equipment and supplies	1,089	2,262	1,453	3,416	8,220	19,175
Books	-	-	-	192	192	2,945
Printing and postage	1,241	23,864	1,231	10,967	37,303	32,148
Professional fees	2,295	21,936	3,062	24,368	51,661	21,221
Telephone and utilities	1,920	3,988	2,562	6,023	14,493	12,803
Travel	635	3,612	42	2,489	6,778	6,630
Volunteer recognition	335	2,453	447	1,495	4,729	2,420
35 under 35 leadership program	-	-	-	25,620	25,620	11,151
Emerging initiatives	-	-	-	75,000	75,000	34,616
Imagination library	-	-	-	206,418	206,418	218,212
School supply drive	-	-	-	40,603	40,603	35,715
	<u>174,205</u>	<u>443,594</u>	<u>230,432</u>	<u>973,214</u>	<u>1,821,445</u>	<u>1,593,562</u>
Total before depreciation						
Depreciation of furniture, equipment, software and building	5,417	11,253	7,228	16,995	40,893	43,050
	<u>5,417</u>	<u>11,253</u>	<u>7,228</u>	<u>16,995</u>	<u>40,893</u>	<u>43,050</u>
Total functional expenses	<u>\$ 179,622</u>	<u>\$ 454,847</u>	<u>\$ 237,660</u>	<u>\$ 990,209</u>	<u>\$ 1,862,338</u>	<u>\$ 1,636,612</u>

United Way of Cass-Clay, Inc.
 Statements of Cash Flows
 Years Ended December 31, 2018 (With Comparative Totals for 2017)

	2018	2017
Operating Activities		
Change in net assets	\$ 47,897	\$ 164,873
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	40,893	43,050
Change in unrealized (gains) and losses on investments	125,950	(67,247)
Realized losses (gains) on sale of investment	(60,117)	(40,655)
Changes in assets and liabilities		
Accounts receivable	6,150	37,762
Prepaid expenses	1,584	5,246
Contributions receivable	153,962	(68,998)
Accounts payable	2,270	3,252
Allocations payable	(15,656)	40,855
Deferred income	(7,000)	(51,500)
Designations payable	(26,668)	22,462
Other accrued liabilities	9,901	2,758
Net Cash From Operating Activities	279,166	91,858
Investing Activities		
Purchases of investments	(359,360)	(817,520)
Proceeds from sale of investment	327,508	824,470
Purchases of property and equipment	(14,805)	(11,438)
Net Cash Used For Investing Activities	(46,657)	(4,488)
Net Change in Cash and Cash Equivalents	232,509	87,370
Cash and Cash Equivalents, Beginning of Year	1,835,154	1,747,784
Cash and Cash Equivalents, End of Year	\$ 2,067,663	\$ 1,835,154

Note 1 - Organization and Summary of Significant Accounting Policies

Nature of Operations

The United Way of Cass-Clay, Inc. (Organization) was organized to collect public support funds and to allocate them to community organizations in need. Today the Organization's work goes well beyond the historical role of funding non-profit partners by leveraging investments, resources, volunteers, and corporate partnerships to deliver transformative, measurable results.

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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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, 2017, from which the summarized information was derived.

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 without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions.

Donor restricted support is reported as an increase to net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 net assets without donor restrictions. 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

The Organization records investment purchases 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 return/(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 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, 2018 and 2017.

Deferred Income

Deferred income consists of payments received from individuals and corporations for participation in 2019 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 net assets with donor restrictions. 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 net assets without donor restrictions 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 net assets with donor restrictions.

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.

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.

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:

Net Assets Without Donor Restrictions – Net assets available for use in general operations. Net assets without donor restrictions consist of net assets designated by the Board of Directors and future property additions.

Net Assets With Donor Restrictions – Net assets whose use is limited by donor-imposed 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 net assets with donor restrictions that has not yet been appropriated for expenditure by the Organization's Board of Directors. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions 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 net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in that statements of activities as net assets released from restrictions.

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 \$39,695 and \$46,223, for the years ended December 31, 2018 and 2017.

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. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated on allocated usage, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, insurance, and other, which are allocated on the basis of estimates of time and effort.

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 2015.

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.

Change in Accounting Policy

As of January 1, 2018, the Organization adopted the provisions of Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities*. The provisions of the ASU replace the existing three classes of net assets with two new classes (net assets without donor restrictions and net assets with donor restrictions) and enhance the disclosure requirements for the Organization’s donor restricted endowment funds. The ASU introduces new disclosure requirements to provide information about what is included or excluded from the Organization’s intermediate measure of operations as well as disclosures to improve a financial statement user’s ability to assess the Organization’s liquidity and exposure to risk. The ASU also introduces new reporting requirements to present expenses by both function and natural classification in a single location and to present investment returns on the statements of activities net of external and direct internal investment expenses.

The amendments should be applied on a retrospective basis; however, if presenting comparative financial statements, the ASU allows for the option to omit, for any periods presented before the period of adoption, the analysis of expenses by both natural classification and functional classification (the separate presentation of expenses by functional classification and expenses by natural classification is still required), and the disclosure about liquidity and availability of resources. The Organization has elected to present comparative information for these amendments.

The Organization has adopted this standard as management believes the standard improves the usefulness and understandability of the Organization’s financial reporting.

Subsequent Events

The Organization has evaluated subsequent events through May 16, 2019 the date the financial statements were available to be issued.

Subsequent to December 31, 2018 one of the Organization’s significant corporate supporters sold its wholly-owned subsidiary. The subsidiary had previously provided a 75% match on employee donations. Upon closing of the sale in March 2019 the employee matched ceased leaving an uncollectible receivable balance of approximately \$70,000.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2018	2017
Cash and cash equivalents	\$ 847,779	\$ 757,079
Other receivable	9,100	15,250
Contributions receivable	257,625	261,434
Investments	780,117	813,906
	\$ 1,894,621	\$ 1,847,669

As part of a liquidity management plan, excess cash is invested in short-term investments and money market funds.

Note 3 - Investments and Investment Income

Investments as of December 31, 2018 and 2017 consist of the following:

	2018	2017
Recorded at fair value		
Mutual funds	\$ 690,788	\$ 748,595
Common stocks	167,180	143,354
	\$ 857,968	\$ 891,949

Investment income (loss) consists of the following for the years ending December 31, 2018 and 2017:

	2018	2017
Interest income	\$ 17,447	\$ 11,446
Dividend income	11,934	8,292
Realized gain on sales of investment	60,117	40,655
Change in unrealized gains and (losses) on investments	(125,950)	67,247
Less investment fees	(6,664)	(6,150)
	\$ (43,116)	\$ 121,490

Note 4 - 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, 2018 are as follows:

	Total	2018		
		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	\$ 26,949	\$ 26,949	\$ -	\$ -
Foreign large blend	34,717	34,717	-	-
Foreign large growth	70,802	70,802	-	-
High yield bond	44,321	44,321	-	-
Infrastructure	24,663	24,663	-	-
Intermediate term bond	288,157	288,157	-	-
Large blend	81,534	81,534	-	-
Mid-Cap blend	21,448	21,448	-	-
Mid-Cap growth	23,181	23,181	-	-
Real estate	24,320	24,320	-	-
Small blend	16,970	16,970	-	-
Small growth	14,827	14,827	-	-
World bond	18,899	18,899	-	-
Common stocks				
Basic materials	4,294	4,294	-	-
Communicatio services	3,797	3,797	-	-
Consumer cyclical	23,682	23,682	-	-
Consumer defensive	11,198	11,198	-	-
Energy	9,103	9,103	-	-
Financial services	30,175	30,175	-	-
Healthcare	28,455	28,455	-	-
Industrials	11,408	11,408	-	-
Services	2,729	2,729	-	-
Technology	41,131	41,131	-	-
Utilities	1,208	1,208	-	-
Total assets at fair value	\$ 857,968	\$ 857,968	\$ -	\$ -

Assets measured at fair value on a recurring basis at December 31, 2017 are as follows:

	Total	2017		
		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	\$ 31,055	\$ 31,055	\$ -	\$ -
Foreign large blend	39,356	39,356	-	-
Foreign large growth	81,600	81,600	-	-
High yield bond	41,795	41,795	-	-
Infrastructure	25,336	25,336	-	-
Intermediate term bond	260,152	260,152	-	-
Large blend	101,839	101,839	-	-
Large growth	37,416	37,416	-	-
Mid-Cap growth	48,686	48,686	-	-
Real estate	27,156	27,156	-	-
Small blend	37,473	37,473	-	-
World bond	16,731	16,731	-	-
Common stocks				
Basic materials	9,735	9,735	-	-
Consumer goods	12,635	12,635	-	-
Financial	30,973	30,973	-	-
Healthcare	19,280	19,280	-	-
Industrial goods	12,353	12,353	-	-
Services	27,176	27,176	-	-
Technology	29,760	29,760	-	-
Utilities	1,442	1,442	-	-
Total assets at fair value	<u>\$ 891,949</u>	<u>\$ 891,949</u>	<u>\$ -</u>	<u>\$ -</u>

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

Note 5 - 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 6 - 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 \$63,484 and \$37,735 for the years ended December 31, 2018 and 2017.

Note 7 - Operating Leases

The Organization has various operating leases in effect for office equipment expiring at various rates through November 2022. Future minimum payments required by the terms of the leases are as follows:

	Amount
2019	\$ 14,846
2020	14,846
2021	7,208
2022	1,606
	\$ 38,506

Rent expense totaled \$17,012 and \$17,562 for the years ended December 31, 2018 and 2017.

Note 8 - Net Assets With Donor Restrictions

Net assets with donor restrictions include monies received, which have not been expended for their specific purposes as well as donations received by the endowment fund of the Organization that are to be kept in perpetuity. Net assets with donor restrictions as of December 31, 2018 and 2017 are as follows:

	2018	2017 Restated
Cash	\$ 1,219,884	\$ 1,078,075
Contributions receivable - net	2,590,161	2,740,314
Unspent appreciation of endowment funds	7,760	12,350
Endowment funds	70,091	68,531
	\$ 3,887,896	\$ 3,899,270

In 2018 and 2017, net assets were released from donor restrictions by collecting pledges or by incurring expenditures satisfying the restricted purposes in the amounts of \$3,815,551 and \$3,985,383. These amounts are included in net assets released from restrictions in the accompanying financial statements.

Note 9 - Endowments

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 net assets with donor restrictions (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, (d) the remaining portion until those are 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

Net assets with donor restrictions 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 restricted funds.

Endowment activity for the years ended December 31, 2018 and 2017 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, December 31, 2016 Restated	\$ -	\$ 70,150	\$ 70,150
Investment income	-	1,071	1,071
Net appreciation (realized and unrealized)	-	8,500	8,500
Restricted contribution	-	1,160	1,160
Balance, December 31, 2017 Restated	-	80,881	80,881
Investment income	-	2,352	2,352
Net appreciation (realized and unrealized)	-	(6,942)	(6,942)
Restricted contribution	-	1,560	1,560
Balance, December 31, 2018	<u>\$ -</u>	<u>\$ 77,851</u>	<u>\$ 77,851</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 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 net assets without donor restrictions. The Organization's policy is to fund any deficiencies. There are no such deficiencies as of December 31, 2018 and 2017.

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 net assets with donor restrictions is included in net assets with donor restrictions until appropriated by the Board of Trustees.

Note 10 - Restatement Resulting from Change in Accounting Policy

As disclosed in Note 1, the Organization adopted the provisions of ASU 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities* as of December 31, 2018. As a part of the adoption, changes were made to the presentation of the financial statements and the classification of net assets. Following is a summary of the effects of the change in accounting policy in the Organization's December 31, 2017 net assets.

The effect on the Organization's statement of financial position as of December 31, 2017 is as follows:

	As Previously Reported	Adoption of ASU 2016-14	As Restated
Unrestricted	\$ 1,788,706	\$ (1,788,706)	-
Temporarily restricted	3,827,901	(3,827,901)	-
Permanently restricted	68,531	(68,531)	-
Net assets without donor restrictions	-	1,788,706	1,788,706
Net assets with donor restrictions	-	3,896,432	3,896,432



Supplementary Information
December 31, 2018

United Way of Cass-Clay, Inc.



Independent Auditor's Report on Supplementary Information

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

We have audited the financial statements of United Way of Cass-Clay, Inc. as of and for the year ended December 31, 2018, and our report thereon dated May 16, 2019, 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 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.

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

Fargo, North Dakota
May 16, 2019

United Way of Cass-Clay, Inc.
Schedules of Allotments to Agencies
December 31, 2018

	Annual Allotments
Afro-American Development Association	\$ 6,408
American Red Cross, Dakotas Region	62,368
Barnesville Area Helpers	11,471
Boy Scouts of America, Northern Lights Council	13,999
Boys and Girls Club of the Red River Valley	22,598
CAPLP (Lakes & Prairies Community Action Partnership)	159,187
Cass County Social Services	10,000
Catholic Charities North Dakota	24,802
CHARISM	104,402
Churches United for the Homeless	85,710
Community of Care	28,084
Emergency Food Pantry	10,000
Fargo Cass Public Health	120,528
Fargo Public Schools Fargo Adult Learning Center	50,315
FirstLink	70,570
FM Coalition to End Homelessness	30,000
FM Dorothy Day House of Hospitality	62,124
Fraser	30,333
Great Plains Food Bank	101,812
Healthcare Equipment Recycling Organization (HERO)	10,087
Hospice of the Red River Valley	20,989
Legal Services of Northwest Minnesota	30,000
Lutheran Social Services of Minnesota	55,751
Lutheran Social Services of North Dakota	98,105
Moorhead Area Public Schools	107,742
NDSCS Skills ND Program	3,600
New Life Center	133,830
North Dakota Autism Center	21,007
Presentation Partners in Housing	215,915
Rape & Abuse Crisis Center	232,208
Rebuilding Together Fargo-Moorhead Area	27,519
Red River Children's Advocacy Center	46,311
Red River Human Services Foundation	47,562
Rural Enrichment and Counseling Headquarters (REACH)	31,086
Salvation Army	35,846
Sexual Abuse Treatment Program	26,181
Solutions Behavioral Healthcare Professionals	174,000
South Central Adult Services	17,306
South East Education Cooperative	90,000
SouthEastern North Dakota Community Action Agency (SENDCAA)	38,798

United Way of Cass-Clay, Inc.
Schedules of Allotments to Agencies
December 31, 2018

	<u>Annual Allotments</u>
The Village Family Service Center	\$ 389,675
TNT Kid's Fitness & Gymnastics Academy	42,958
Vocational Training Center	15,453
YMCA of Cass and Clay Counties	285,573
Youthworks	101,454
YWCA Cass Clay	<u>300,694</u>
Total allotments to agencies of the organization	3,604,361
Amounts designated by donors	<u>(128,316)</u>
	<u><u>\$ 3,476,045</u></u>