



Financial Statements

December 31, 2020 and 2019

United Way of Cass-Clay, Inc.

Independent Auditor’s Report	1
Financial Statements	
Statements Financial Position – Assets.....	3
Statements Financial Position – Liabilities and Net Assets	4
Statement of Activities.....	5
Statement of Functional Expenses.....	6
Statements of Cash Flows	7
Notes to Financial Statements	8
Supplementary Information	
Independent Auditor’s Report on Supplementary Information	22
Schedule of Allotments to Agencies	23



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, which comprise the statement of financial position as of December 31, 2020, 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, 2020, 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 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 22, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 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 20, 2021

United Way of Cass-Clay, Inc.
Statements of Financial Position – Assets
December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Assets						
Current Assets						
Cash and cash equivalents	\$ 1,968,432	\$ 888,789	\$ 2,857,221	\$ 1,060,791	\$ 1,600,622	\$ 2,661,413
Other receivable	93	-	93	22,805	-	22,805
Prepaid expenses	11,249	-	11,249	10,544	-	10,544
Contributions receivable - prior year (net of allowance for doubtful accounts of \$182,000 in 2020 and \$140,000 in 2019)	254,751	-	254,751	270,323	-	270,323
Contributions receivable - current year (net of allowance for doubtful accounts of \$173,000 in 2020 and \$127,000 in 2019)	-	2,287,709	2,287,709	-	2,348,879	2,348,879
Contributions receivable - capital campaign	-	289,876	289,876	-	401,239	401,239
Total current assets	2,234,525	3,466,374	5,700,899	1,364,463	4,350,740	5,715,203
Contributions receivable - capital campaign net	-	441,700	441,700	-	673,445	673,445
Investments	1,070,727	106,049	1,176,776	936,965	94,124	1,031,089
Property and Equipment						
Land	418,183	-	418,183	20,000	-	20,000
Equipment	193,747	-	193,747	98,954	-	98,954
Building	1,519,197	-	1,519,197	555,353	-	555,353
Construction in process	-	-	-	66,368	-	66,368
Software	138,733	-	138,733	138,733	-	138,733
Less accumulated depreciation	(163,633)	-	(163,633)	(529,985)	-	(529,985)
Property and equipment, net	2,106,227	-	2,106,227	349,423	-	349,423
Total assets	\$ 5,411,479	\$ 4,014,123	\$ 9,425,602	\$ 2,650,851	\$ 5,118,309	\$ 7,769,160

United Way of Cass-Clay, Inc.
Statements of Financial Position – Liabilities and Net Assets
December 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Liabilities and Net Assets						
Current Liabilities						
Accounts payable	\$ 10,404	\$ -	\$ 10,404	\$ 22,664	\$ -	\$ 22,664
Allocations payable	81,605	-	81,605	169,621	-	169,621
Construction payable	308,308	-	308,308	-	-	-
Deferred income	30,250	-	30,250	24,500	-	24,500
Designations payable	221,359	-	221,359	189,931	-	189,931
Other accrued liabilities	36,142	-	36,142	23,707	-	23,707
Total current liabilities	688,068	-	688,068	430,423	-	430,423
Non-current Liabilities						
Line of credit	495,420	-	495,420	-	-	-
Total liabilities	1,183,488	-	1,183,488	430,423	-	430,423
Net Assets						
Without donor restrictions						
Undesignated, available for general activities	2,121,764	-	2,121,764	1,871,005	-	1,871,005
Invested in property and equipment	2,106,227	-	2,106,227	349,423	-	349,423
Total net assets without donor restrictions	4,227,991	-	4,227,991	2,220,428	-	2,220,428
With donor restrictions						
Deferred pledges fund	-	3,843,775	3,843,775	-	3,598,713	3,598,713
Purpose restricted	-	64,299	64,299	-	1,425,472	1,425,472
Unspent appreciation on endowment funds	-	34,448	34,448	-	23,173	23,173
Endowment funds	-	71,601	71,601	-	70,951	70,951
Total net asses with donor restrictions	-	4,014,123	4,014,123	-	5,118,309	5,118,309
Total net assets	4,227,991	4,014,123	8,242,114	2,220,428	5,118,309	7,338,737
Total liabilities and net assets	\$ 5,411,479	\$ 4,014,123	\$ 9,425,602	\$ 2,650,851	\$ 5,118,309	\$ 7,769,160

See Notes to Financial Statements

United Way of Cass-Clay, Inc.

Statement of Activities

Year Ended December 31, 2020 (With Comparative Totals for 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Pledges, Gains, and Other Support				
Campaign results	\$ -	\$ 4,256,026	\$ 4,256,026	\$ 3,949,337
Capital campaign results	-	64,299	64,299	1,425,472
Less: Amounts raised on behalf of others	-	(239,251)	(239,251)	(223,624)
Allowance for uncollectible pledges	-	(173,000)	(173,000)	(127,000)
Net campaign results	-	3,908,074	3,908,074	5,024,185
Amount received in current period for past campaign, net of amounts raised on behalf of others	1,300,999	-	1,300,999	1,243,717
Received in prior periods - released from restriction net of designations, \$223,624 and allowance for uncollectibles, \$127,000	5,024,185	(5,024,185)	-	-
Net campaign contributions	6,325,184	(1,116,111)	5,209,073	6,267,902
Sponsorship income	221,300	-	221,300	223,550
Net investment income (loss)	157,698	11,275	168,973	203,193
Endowment contributions	-	650	650	860
Contribution revenue	217,177	-	217,177	-
Grant income	187,457	-	187,457	249,313
Program fees	8,750	-	8,750	25,249
Gain on disposal of building	297,618	-	297,618	-
In kind income	67,969	-	67,969	116,049
Total pledges, gains, and other support	7,483,153	(1,104,186)	6,378,967	7,086,116
Allocations, Dues, and Expenses				
Funds allocated to member agencies	3,476,967	-	3,476,967	3,417,454
In kind expenses	67,969	-	67,969	116,049
Total allocations	3,544,936	-	3,544,936	3,533,503
Dues to the national organization	75,544	-	75,544	61,746
Functional expenses				
Allocating and agency relations	188,186	-	188,186	200,240
Fundraising	470,595	-	470,595	444,790
Management and general	235,574	-	235,574	230,278
Programs	972,075	-	972,075	1,009,857
Total functional expenses	1,866,430	-	1,866,430	1,885,165
Total allocations, dues and expenses	5,486,910	-	5,486,910	5,480,414
Revenues in excess of expenses	1,996,243	(1,104,186)	892,057	1,605,702
Contribution for long-lived assets	11,320	-	11,320	-
Change in net assets	2,007,563	(1,104,186)	903,377	1,605,702
Net Assets, Beginning of Year	2,220,428	5,118,309	7,338,737	5,733,035
Net Assets, End of Year	\$ 4,227,991	\$ 4,014,123	\$ 8,242,114	\$ 7,338,737

See Notes to Financial Statements

United Way of Cass-Clay, Inc.
Statement of Functional Expenses
Year Ended December 31, 2020 (With Comparative Totals for 2019)

	Allocating and Agency Relations	Fund Raising	Management and General	Programs	Total Functional Expenses 2020	Total Functional Expenses 2019
Salaries	\$ 123,668	\$ 276,142	\$ 154,377	\$ 475,706	\$ 1,029,893	\$ 880,562
Employee benefits	22,626	50,523	28,245	87,035	188,429	152,967
Payroll taxes and fees	13,585	30,335	16,959	52,257	113,136	99,541
Staff development and recruitment	1,101	2,458	1,374	4,235	9,168	63,994
Advertising and promotions	71	28,863	89	3,824	32,847	33,638
Bank charges	3,717	8,299	4,640	14,296	30,952	26,700
Building services and supplies	2,884	6,439	3,600	11,091	24,014	15,186
Dues, subscriptions and registrations	287	5,672	345	1,062	7,366	12,209
Event facilities, food and sponsorships	374	(10,212)	313	30,785	21,260	27,944
Hardware, software and technology support	7,641	17,061	9,538	29,392	63,632	61,468
Home supplies	-	-	-	6,112	6,112	-
Insurance	1,015	2,265	1,266	3,903	8,449	10,738
Interest	-	-	816	-	816	-
Internet and website	1,250	2,792	1,561	4,810	10,413	9,441
Office equipment and supplies	928	2,073	1,159	3,571	7,731	9,655
Books	-	-	-	159,495	159,495	201,073
Printing and postage	1,307	28,363	2,002	10,783	42,455	41,098
Professional fees	2,581	5,763	3,222	16,973	28,539	152,900
School supplies	-	-	-	35,440	35,440	31,849
Telephone and utilities	2,089	4,665	2,608	8,037	17,399	14,696
Travel	317	1,665	33	974	2,989	7,498
Volunteer recognition	222	1,795	277	2,588	4,882	4,849
Total before depreciation	185,663	464,961	232,424	962,369	1,845,417	1,858,006
Depreciation of furniture, equipment, software and building	2,523	5,634	3,150	9,706	21,013	27,159
Total functional expenses	<u>\$ 188,186</u>	<u>\$ 470,595</u>	<u>\$ 235,574</u>	<u>\$ 972,075</u>	<u>\$ 1,866,430</u>	<u>\$ 1,885,165</u>

See Notes to Financial Statements

United Way of Cass-Clay, Inc.
Statements of Cash Flows
Year Ended December 31, 2020 and 2019

	2020	2019
Operating Activities		
Change in net assets	\$ 903,377	\$ 1,605,702
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	21,013	27,159
Change in unrealized gains on investments	(91,803)	(140,734)
Realized gains on sale of investment	(29,956)	(17,154)
Gain on disposal of building	(297,618)	-
Contributions restricted to building project	-	(1,425,472)
Contributions for long-lived assets	(11,320)	-
Changes in assets and liabilities		
Accounts receivable	22,712	(13,705)
Prepaid expenses	(705)	(5,231)
Contributions receivable	419,850	228,584
Accounts payable	(12,260)	4,135
Allocations payable	(88,016)	107,502
Deferred income	5,750	(5,000)
Designations payable	31,428	(21,617)
Other accrued liabilities	12,435	(10,061)
Net Cash From Operating Activities	<u>884,887</u>	<u>334,108</u>
Investing Activities		
Purchases and construction of property and equipment	(1,725,466)	(75,913)
Purchases of investments	(328,359)	(350,212)
Proceeds from sale of investment	304,431	334,979
Proceeds from sale of property and equipment	553,575	-
Net Cash used for Investing Activities	<u>(1,195,819)</u>	<u>(91,146)</u>
Financing Activities		
Net borrowings under line of credit	495,420	-
Contributions for long-lived assets	11,320	-
Contributions received restricted for building project	-	350,788
Net Cash From Financing Activities	<u>506,740</u>	<u>350,788</u>
Net Change in Cash and Cash Equivalents	195,808	593,750
Cash and Cash Equivalents, Beginning of Year	<u>2,661,413</u>	<u>2,067,663</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,857,221</u>	<u>\$ 2,661,413</u>
Supplemental Disclosure of Non-cash Investing Activity		
Construction payable for property and equipment	<u>\$ 308,308</u>	<u>\$ -</u>

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 improve lives by activating resources to solve complex community issues and create lasting social change throughout Cass and Clay counties.

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, 2019, 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.

The Organization records contributions receivable that are expected to be collected within one year at net realizable value. Contributions expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discount is included in contribution revenue in the statement of activities. The allowance for uncollectible contribution receivables is determined 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 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, 2020 and 2019.

Deferred Income

Deferred income consists of payments received from individuals and corporations for participation in 2021 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 statements of financial position 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 \$24,350 and \$27,551, for the years ended December 31, 2020 and 2019.

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.

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.

Concentration of Credit Risk

The Organization manages deposit concentration risk by placing cash and money market accounts 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.

Reclassifications

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

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:

	2020	2019
Cash and cash equivalents	\$ 1,968,432	\$ 1,060,791
Other receivable	93	22,805
Contributions receivable	254,751	270,323
Investments	1,070,727	936,965
	<u>\$ 3,294,003</u>	<u>\$ 2,290,884</u>

As part of a liquidity management plan, excess cash is invested in short-term investments and money market funds. Additionally, the Organization maintains a \$2 million line of credit, as discussed in more detail in Note 12. As of December 31, 2020, \$1,504,580 remained available on the Organization's line of credit.

Note 3 - Investments and Investment Income

Investments as of December 31, 2020 and 2019 consist of the following:

	2020	2019
Recorded at fair value		
Mutual funds	\$ 907,574	\$ 820,607
Common stocks	269,202	210,482
	<u>\$ 1,176,776</u>	<u>\$ 1,031,089</u>

Investment income consists of the following for the years ending December 31, 2020 and 2019:

	2020	2019
Interest income	\$ 28,348	\$ 28,741
Dividend income	26,820	23,843
Realized gain on sales of investment	29,956	17,154
Change in unrealized gains and losses on investments	91,803	140,734
Less investment fees	(7,954)	(7,279)
	<u>\$ 168,973</u>	<u>\$ 203,193</u>

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.

United Way of Cass-Clay, Inc.

Notes to Financial Statements

December 31, 2020 (With Comparative Totals for 2019)

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

Assets measured at fair value on a recurring basis at December 31, 2020 are as follows:

	Total	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	\$ 29,834	\$ 29,834	\$ -	\$ -
Foreign large blend	31,958	31,958	-	-
Foreign large growth	61,734	61,734	-	-
Intermediate core plus bond	44,983	44,983	-	-
Intermediate term bond	386,897	386,897	-	-
Large blend	226,302	226,302	-	-
Large growth	27,305	27,305	-	-
Mid-Cap blend	19,872	19,872	-	-
Mid-Cap growth	22,221	22,221	-	-
Short-Term bond	22,733	22,733	-	-
Small blend	11,869	11,869	-	-
Small growth	21,866	21,866	-	-
Common stocks				
Basic materials	6,723	6,723	-	-
Communication services	8,733	8,733	-	-
Consumer cyclical	31,114	31,114	-	-
Consumer defensive	16,936	16,936	-	-
Energy	6,792	6,792	-	-
Financial services	30,391	30,391	-	-
Healthcare	34,460	34,460	-	-
Industrials	19,526	19,526	-	-
Options-based	37,671	37,671	-	-
Services	1,859	1,859	-	-
Technology	71,602	71,602	-	-
Utilities	3,395	3,395	-	-
Total assets at fair value	<u>\$ 1,176,776</u>	<u>\$ 1,176,776</u>	<u>\$ -</u>	<u>\$ -</u>

United Way of Cass-Clay, Inc.

Notes to Financial Statements

December 31, 2020 (With Comparative Totals for 2019)

Assets measured at fair value on a recurring basis at December 31, 2019 are as follows:

	Total	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	\$ 40,351	\$ 40,351	\$ -	\$ -
Foreign large blend	44,144	44,144	-	-
Foreign large growth	82,208	82,208	-	-
Intermediate term bond	371,374	371,374	-	-
Large blend	136,501	136,501	-	-
Large growth	1,837	1,837	-	-
Large value	18,830	18,830	-	-
Mid-Cap blend	24,549	24,549	-	-
Mid-Cap growth	26,356	26,356	-	-
Short-Term bond	19,500	19,500	-	-
Small blend	25,414	25,414	-	-
Small growth	29,543	29,543	-	-
Common stocks				
Basic materials	5,408	5,408	-	-
Communication services	8,344	8,344	-	-
Consumer cyclical	29,981	29,981	-	-
Consumer defensive	15,163	15,163	-	-
Energy	10,304	10,304	-	-
Financial services	30,267	30,267	-	-
Healthcare	33,962	33,962	-	-
Industrials	14,204	14,204	-	-
Services	3,236	3,236	-	-
Technology	58,336	58,336	-	-
Utilities	1,277	1,277	-	-
Total assets at fair value	<u>\$ 1,031,089</u>	<u>\$ 1,031,089</u>	<u>\$ -</u>	<u>\$ -</u>

Note 5 - Contributions Receivable – Capital Campaign

Contributions receivable related to the Organization's capital campaign are estimated to be collected as follows at December 31, 2020 and 2019 with discount rates of 3.25% and 4.75%, respectively:

	2020	2019
Within one year	\$ 289,876	\$ 401,239
In one to five years	467,219	741,085
	757,095	1,142,324
Less discount to net present value	(25,519)	(67,640)
Contribution receivable - capital campaign, net	<u>\$ 731,576</u>	<u>\$ 1,074,684</u>

As of December 31, 2020 and 2019, there were no major concentrations noted.

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 1.25% 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 1 year of service. 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 \$75,130 and \$66,528 for the years ended December 31, 2020 and 2019.

Note 8 - Operating Leases

The Organization has various operating leases in effect for office equipment expiring at various rates through December 2025. Future minimum payments required by the terms of the leases are as follows:

<u>Years ending December 31,</u>	<u>Amount</u>
2021	\$ 12,599
2022	12,442
2023	10,716
2024	10,716
2025	10,716
	<u>\$ 57,189</u>

Rent expense totaled \$17,110 and \$16,614 for the years ended December 31, 2020 and 2019.

Note 9 - 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, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Subject to Expenditure for Specified Purpose		
Building project	<u>\$ 731,576</u>	<u>\$ 1,074,684</u>
Subject to the Passage of Time		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	<u>3,176,498</u>	<u>3,949,501</u>
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Restricted by donors for		
Available for general use	34,448	23,173
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation		
General use	<u>71,601</u>	<u>70,951</u>
Total endowments	<u>106,049</u>	<u>94,124</u>
	<u>\$ 4,014,123</u>	<u>\$ 5,118,309</u>

In 2020 and 2019, net assets were released from donor restrictions by collecting pledges or by incurring expenditures satisfying the restricted purposes in the amounts of \$5,024,185 and \$3,810,045. These amounts are included in net assets released from restrictions in the accompanying financial statements.

Note 10 - 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, unless there are explicit donor stipulations to the contrary. At December 31, 2020 and 2019, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The following factors are considered 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.

United Way of Cass-Clay, Inc.

Notes to Financial Statements

December 31, 2020 (With Comparative Totals for 2019)

Endowment activity for the years ended December 31, 2020 and 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, December 31, 2018	\$ -	\$ 77,851	\$ 77,851
Investment income	-	2,089	2,089
Net appreciation (realized and unrealized)	-	13,324	13,324
Restricted contribution	-	860	860
Balance, December 31, 2019	-	94,124	94,124
Investment income	-	1,686	1,686
Net appreciation (realized and unrealized)	-	9,589	9,589
Restricted contribution	-	650	650
Balance, December 31, 2020	\$ -	\$ 106,049	\$ 106,049

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, 2020 and 2019.

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 11 - Paycheck Protection Program Loan

The Organization was granted a \$217,177 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration approved partner. The loan is uncollateralized and is fully guaranteed by the Federal Government. The Organization has elected to account for the funding as a conditional contribution by applying ASC 958-805, *Not-for-Profit – Revenue Recognition*. The Organization initially recorded the loan as a refundable advance and subsequently recognized contribution revenue in accordance with guidance for conditional contributions, that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. On December 31, 2020, the Organization received notification that the PPP loan was forgiven in full by the SBA. The Organization has recognized \$217,177 as contribution revenue for the year ended December 31, 2020.

Note 12 - Line of Credit

The Organization has a \$2,000,000 revolving line of credit with a bank, secured by accounts receivable. Borrowings under the line bear interest at 2.75%. Accrued interest is due monthly, and the principal is due at maturity (May 15, 2024). The agreement requires the Organization to comply with certain financial and non-financial covenants. At December 31, 2020 and 2019, the balance outstanding was \$495,420 and \$0, respectively.

Note 13 - Contingencies

COVID-19 Pandemic

During 2020, the world-wide coronavirus pandemic impacted national and global economies. The Organization is closely monitoring its operations, liquidity and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the current and future impact to the Organization is not known.

Note 14 - Subsequent Events

Construction Payable

Subsequent to year-end, the Organization paid \$82,770 towards the balance of the construction payable. The payment was made via a draw down on the line of credit.

The Organization has evaluated subsequent events through May 20, 2021, the date the financial statements were available to be issued.



Supplementary Information
December 31, 2020

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 as of and for the year ended December 31, 2020, and our report thereon dated May 20, 2021, 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 page 23 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 20, 2021

United Way of Cass-Clay, Inc.
Schedule of Allotments to Agencies
Year Ended December 31, 2020

	Annual Allotments
Afro-American Development Association	\$ 101,634
American Red Cross, Dakotas Region	60,362
Boy Scouts of America, Northern Lights Council	8,223
Boys and Girls Club of the Red River Valley	40,578
CAPLP (Lakes & Prairies Community Action Partnership)	190,691
Catholic Charities North Dakota	21,127
CHARISM	35,415
Churches United for the Homeless	145,384
Clay County Public Health	30,099
Community of Care	28,000
Emergency Food Pantry	10,490
Fargo Cass Public Health	136,197
Fargo Public Schools Fargo Adult Learning Center	50,493
Fargo Union Mission, New Life Center	129,770
FirstLink	70,428
FM Coalition to End Homelessness	30,197
Fraser	33,223
Great Plains Food Bank	86,803
Hospice of the Red River Valley	6,183
Legal Services of Northwest Minnesota	30,000
Lutheran Social Services of Minnesota	25,378
Lutheran Social Services of North Dakota	70,181
Moorhead Area Public Schools	100,000
Northern Cass Public School District Agency	50,000
Presentation Partners in Housing	286,339
Rape & Abuse Crisis Center	216,870
Rebuilding Together Fargo-Moorhead Area	25,247
Red River Children's Advocacy Center	101,720
Red River Human Services Foundation	26,553
Rural Enrichment and Counseling Headquarters (REACH)	31,000
Solutions Behavioral Healthcare Professionals	65,000
South Central Adult Services	20,000
South East Education Cooperative	80,000
SouthEastern North Dakota Community Action Agency (SENDCAA)	86,957
The Salvation Army	34,221
The Village Family Service Center	145,753
TNT Kid's Fitness & Gymnastics Academy	31,249
Vocational Training Center	76,519
West Fargo Public Schools	125,000
YMCA of Cass and Clay Counties	374,028
Youthworks	65,382
YWCA Cass Clay	262,290
Total allotments to agencies of the organization	3,544,984
Amounts designated by donors	(68,017)
	<u>\$ 3,476,967</u>