



Financial Statements

December 31, 2022 and 2021

**United Way of Cass-Clay, Inc.**

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## **Independent Auditor's Report**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of United Way of Cass-Clay, Inc. (Organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Report on Summarized Comparative Information***

We have previously audited the 2021 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 11, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Fargo, North Dakota  
June 6, 2023

United Way of Cass-Clay, Inc.  
Statements of Financial Position – Assets  
December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Assets						
Current Assets						
Cash and cash equivalents	\$ 1,364,338	\$ 1,282,799	\$ 2,647,137	\$ 1,099,756	\$ 1,170,031	\$ 2,269,787
Other receivable	14,266	-	14,266	6,361	-	6,361
Prepaid expenses	-	-	-	1,250	-	1,250
Contributions receivable - prior year (net of allowance for doubtful accounts of \$201,000 in 2022 and \$173,000 in 2021)	298,369	-	298,369	297,995	-	297,995
Contributions receivable - current year (net of allowance for doubtful accounts of \$196,000 in 2022 and \$201,000 in 2021)	-	1,936,284	1,936,284	-	2,145,720	2,145,720
Contributions receivable - capital campaign	-	203,512	203,512	-	198,856	198,856
Total current assets	<u>1,676,973</u>	<u>3,422,595</u>	<u>5,099,568</u>	<u>1,405,362</u>	<u>3,514,607</u>	<u>4,919,969</u>
Contributions receivable - capital campaign net	<u>-</u>	<u>85,192</u>	<u>85,192</u>	<u>-</u>	<u>267,968</u>	<u>267,968</u>
Investments	<u>1,006,017</u>	<u>97,844</u>	<u>1,103,861</u>	<u>1,203,276</u>	<u>115,775</u>	<u>1,319,051</u>
Property and Equipment						
Land and improvements	451,582	-	451,582	451,582	-	451,582
Equipment	213,423	-	213,423	214,373	-	214,373
Building	1,577,657	-	1,577,657	1,577,657	-	1,577,657
Software	152,646	-	152,646	149,583	-	149,583
Less accumulated depreciation	<u>(290,368)</u>	<u>-</u>	<u>(290,368)</u>	<u>(226,737)</u>	<u>-</u>	<u>(226,737)</u>
Property and equipment, net	<u>2,104,940</u>	<u>-</u>	<u>2,104,940</u>	<u>2,166,458</u>	<u>-</u>	<u>2,166,458</u>
Finance lease right of use asset, net of accumulated amortization	<u>17,995</u>	<u>-</u>	<u>17,995</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 4,805,925</u>	<u>\$ 3,605,631</u>	<u>\$ 8,411,556</u>	<u>\$ 4,775,096</u>	<u>\$ 3,898,350</u>	<u>\$ 8,673,446</u>

United Way of Cass-Clay, Inc.  
Statements of Financial Position – Liabilities and Net Assets  
December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Liabilities and Net Assets</b>						
<b>Current Liabilities</b>						
Accounts payable	\$ 327	\$ -	\$ 327	\$ 4,406	\$ -	\$ 4,406
Construction payable	36,587	-	36,587	36,587	-	36,587
Deferred income	36,620	-	36,620	65,000	-	65,000
Designations payable	228,916	-	228,916	137,697	-	137,697
Other accrued liabilities	50,780	-	50,780	25,290	-	25,290
Current portion of finance lease liability	6,298	-	6,298	-	-	-
<b>Total current liabilities</b>	<b>359,528</b>	<b>-</b>	<b>359,528</b>	<b>268,980</b>	<b>-</b>	<b>268,980</b>
<b>Long-term Liabilities</b>						
Finance lease liability, net of current portion	11,530	-	11,530	-	-	-
<b>Total liabilities</b>	<b>371,058</b>	<b>-</b>	<b>371,058</b>	<b>268,980</b>	<b>-</b>	<b>268,980</b>
<b>Net Assets</b>						
<b>Without donor restrictions</b>						
Undesignated, available for general activities	2,330,021	-	2,330,021	2,339,659	-	2,339,659
Invested in property and equipment	2,104,846	-	2,104,846	2,166,457	-	2,166,457
<b>Total net assets without donor restrictions</b>	<b>4,434,867</b>	<b>-</b>	<b>4,434,867</b>	<b>4,506,116</b>	<b>-</b>	<b>4,506,116</b>
<b>With donor restrictions</b>						
Deferred pledges fund	-	3,505,224	3,505,224	-	3,778,612	3,778,612
Unspent appreciation on endowment funds	-	27,206	27,206	-	46,837	46,837
Endowment funds	-	73,201	73,201	-	72,901	72,901
<b>Total net asses with donor restrictions</b>	<b>-</b>	<b>3,605,631</b>	<b>3,605,631</b>	<b>-</b>	<b>3,898,350</b>	<b>3,898,350</b>
<b>Total net assets</b>	<b>4,434,867</b>	<b>3,605,631</b>	<b>8,040,498</b>	<b>4,506,116</b>	<b>3,898,350</b>	<b>8,404,466</b>
<b>Total liabilities and net assets</b>	<b>\$ 4,805,925</b>	<b>\$ 3,605,631</b>	<b>\$ 8,411,556</b>	<b>\$ 4,775,096</b>	<b>\$ 3,898,350</b>	<b>\$ 8,673,446</b>

See Notes to Financial Statements

# United Way of Cass-Clay, Inc.

## Statement of Activities

Year Ended December 31, 2022 (With Comparative Totals for 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Pledges, Gains, and Other Support				
Campaign results	\$ -	\$ 3,952,790	\$ 3,952,790	\$ 4,100,663
Capital campaign results	-	4,980	4,980	13,870
Less: Amounts raised on behalf of others	-	(256,546)	(256,546)	(134,921)
Allowance for uncollectible pledges	-	(196,000)	(196,000)	(201,000)
Net campaign results	-	3,505,224	3,505,224	3,778,612
Amount received in current period for past campaign, net of amounts raised on behalf of others	1,223,895	-	1,223,895	1,168,203
Received in prior periods - released from restriction net of designations, \$134,921 and allowance for uncollectibles, \$201,000	3,778,612	(3,778,612)	-	-
Net campaign contributions	5,002,507	(273,388)	4,729,119	4,946,815
Gross special events revenue	151,258	-	151,258	66,361
Less cost of direct benefits to donor	(140,610)	-	(140,610)	(73,383)
Net special event revenue (loss)	10,648	-	10,648	(7,022)
Sponsorship income	276,500	-	276,500	242,200
Net investment income (loss)	(190,252)	(19,631)	(209,883)	177,023
Endowment contributions	-	300	300	1,300
Grant income	204,618	-	204,618	54,480
Program fees	29,383	-	29,383	14,000
Loss on disposal of building	-	-	-	(2,392)
Miscellaneous income	3,235	-	3,235	1,250
In kind contributions	156,524	-	156,524	168,453
Total pledges, gains, and other support	5,493,163	(292,719)	5,200,444	5,596,107
Allocations, Dues, and Expenses				
Funds allocated to member agencies	3,213,184	-	3,213,184	3,129,517
In kind expenses	156,524	-	156,524	168,453
Total allocations	3,369,708	-	3,369,708	3,297,970
Dues to the national organization	74,368	-	74,368	116,775
Functional expenses				
Allocating and agency relations	242,228	-	242,228	215,708
Fundraising	519,182	-	519,182	495,165
Management and general	262,729	-	262,729	253,727
Programs	1,096,197	-	1,096,197	1,054,410
Total functional expenses	2,120,336	-	2,120,336	2,019,010
Total allocations, dues and expenses	5,564,412	-	5,564,412	5,433,755
Change in Net Assets	(71,249)	(292,719)	(363,968)	162,352
Net Assets, Beginning of Year	4,506,116	3,898,350	8,404,466	8,242,114
Net Assets, End of Year	\$ 4,434,867	\$ 3,605,631	\$ 8,040,498	\$ 8,404,466

See Notes to Financial Statements

United Way of Cass-Clay, Inc.  
Statement of Functional Expenses  
Year Ended December 31, 2022 (With Comparative Totals for 2021)

	Allocating and Agency Relations	Fund Raising	Management and General	Programs	Total Functional Expenses 2022	Total Functional Expenses 2021
Salaries	\$ 145,651	\$ 296,762	\$ 167,816	\$ 591,372	\$ 1,201,601	\$ 1,070,206
Employee benefits	21,546	43,899	24,824	87,481	177,750	166,598
Payroll taxes and fees	15,486	31,552	17,842	62,876	127,756	120,531
Staff development and recruitment	1,724	3,515	1,988	7,005	14,232	70,586
Advertising and promotions	11,126	33,313	50	7,369	51,858	44,575
Bank charges	3,220	6,560	3,710	13,072	26,562	30,794
Building services and supplies	4,504	5,203	4,290	16,928	30,925	29,938
Dues, subscriptions and registrations	623	7,946	366	1,291	10,226	8,438
Hardware, software and technology support	15,134	30,834	17,437	61,445	124,850	84,110
Home supplies	-	-	-	19,170	19,170	21,620
Insurance	1,518	3,092	1,749	6,162	12,521	13,545
Interest	-	-	-	-	-	10,624
Internet and website	1,248	2,543	1,438	5,067	10,296	9,980
Office equipment and supplies	881	1,794	1,015	3,576	7,266	5,355
Books	-	17	-	67,197	67,214	106,362
Printing and postage	443	18,402	259	7,768	26,872	37,547
Professional fees	2,960	6,032	3,411	34,018	46,421	62,451
School supplies	-	-	-	39,238	39,238	33,678
Telephone and utilities	4,791	9,761	5,520	19,450	39,522	20,163
Travel	357	2,431	37	1,053	3,878	2,808
Volunteer recognition	322	1,326	370	3,829	5,847	2,993
Total before depreciation	231,534	504,982	252,122	1,055,367	2,044,005	1,952,902
Depreciation of furniture, equipment, software and building	9,974	12,700	9,767	37,892	70,333	66,108
Amortization of finance lease right of use asset	720	1,500	840	2,938	5,998	-
Total functional expenses	<u>\$ 242,228</u>	<u>\$ 519,182</u>	<u>\$ 262,729</u>	<u>\$ 1,096,197</u>	<u>\$ 2,120,336</u>	<u>\$ 2,019,010</u>

See Notes to Financial Statements



United Way of Cass-Clay, Inc.  
Statements of Cash Flows  
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating Activities		
Change in net assets	\$ (363,968)	\$ 162,352
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	70,333	66,108
Amortization	5,998	-
Change in unrealized loss (gain) on investments	277,451	(104,940)
Realized gains on sale of investment	(31,308)	(23,226)
Loss on disposal of property and equipment	-	2,392
Changes in assets and liabilities		
Accounts receivable	(7,905)	(6,268)
Prepaid expenses	1,250	9,999
Contributions receivable	387,182	363,497
Accounts payable	(4,079)	(5,998)
Allocations payable	-	(81,605)
Deferred income	(28,380)	34,750
Designations payable	91,219	(83,662)
Other accrued liabilities	25,490	(10,852)
Net Cash from Operating Activities	<u>423,283</u>	<u>322,547</u>
Investing Activities		
Purchases and construction of property and equipment	(8,815)	(400,452)
Purchases of investments	(436,252)	(109,800)
Proceeds from sale of investment	405,299	95,691
Net Cash used for Investing Activities	<u>(39,768)</u>	<u>(414,561)</u>
Financing Activities		
Principal payments on financing leases	(6,165)	-
Net payments under line of credit	-	(495,420)
Net Cash used for Financing Activities	<u>(6,165)</u>	<u>(495,420)</u>
Net Change in Cash and Cash Equivalents	377,350	(587,434)
Cash and Cash Equivalents, Beginning of Year	<u>2,269,787</u>	<u>2,857,221</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,647,137</u>	<u>\$ 2,269,787</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ 10,624</u>
Supplemental Disclosure of Non-cash Investing Activity		
Construction payable for property and equipment	<u>\$ -</u>	<u>\$ 36,587</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, 2021, 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, 2022 and 2021.

### **Deferred Income**

Deferred income consists of payments received from individuals and corporations for participation in 2023 programs and sponsorships. All deferred income as of December 31, 2022 is expected to be recognized as revenue in 2023. All deferred income as of December 31, 2021 has been recognized as revenue in 2022.

### **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 contributions received or receivable for annual campaigns are recognized as income in the current year as net assets with donor restrictions. Contributions 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.

## **In-Kind Contributions**

In-kind contributions include donated professional services, facility space, and other in-kind contributions which are recorded at the respective fair values of the goods or services received (Note 13). The Organization does not sell donated gifts-in-kind. In addition to in-kind contributions, volunteers contribute significant amounts of time to 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.

## **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 and not subject to donor restrictions. 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 \$47,756 and \$39,973, for the years ended December 31, 2022 and 2021.

### **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 depreciation and amortization, which are allocated on allocated usage, as well as salaries, employee benefits, payroll taxes, professional fees, 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. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. At December 31, 2022 and 2021, the Organization had approximately \$2,387,000 and \$1,967,000, respectively, in excess of FDIC-insured limits.

### **Reclassifications**

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

### **Subsequent Events**

The Organization has evaluated subsequent events through June 6, 2023, the date the financial statements were available to be issued.

## **Note 2 - Adoption of Accounting Standards**

Effective January 1, 2022, the Organization adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, Leases (Topic 842). The Organization elected to apply the guidance as of January 1, 2022, the beginning of the adoption period. The comparative financial information and disclosures presented are in accordance with the legacy standard, ASC 840. The standard requires the recognition of right-of-use assets and lease liabilities for lease contracts with terms greater than 12 months. Operating lease costs are recognized in the income statement as a single lease cost and finance lease costs are recognized in two components, interest expense and amortization expense. The Organization has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Organization accounted for its existing leases as either finance or operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. The adoption of the new standard did not materially impact the Organization's Statements of Operations or Statements of Cash Flows. See Note 10 for further disclosure of the Organization's lease contracts.

As of January 1, 2022, the Organization adopted the provisions of Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires enhanced presentation and disclosure of contributed nonfinancial assets. Management has adopted the amendments of this update on a retrospective basis, because it provides increased and more transparent disclosure around contributed nonfinancial assets.

**Note 3 - 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:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,364,338	\$ 1,099,756
Other receivable	14,266	6,361
Contributions receivable	298,369	297,995
Investments	<u>1,006,017</u>	<u>1,203,276</u>
	<u>\$ 2,682,990</u>	<u>\$ 2,607,388</u>

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

**Note 4 - Investments and Investment Income**

Investments as of December 31, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Recorded at fair value		
Mutual funds	\$ 846,995	\$ 1,002,788
Common stocks	<u>256,866</u>	<u>316,263</u>
	<u>\$ 1,103,861</u>	<u>\$ 1,319,051</u>

Investment income consists of the following for the years ending December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Interest income	\$ 12,470	\$ 22,884
Dividend income	32,936	35,622
Realized gain on sales of investment	31,308	23,226
Change in unrealized gains and losses on investments	(277,451)	104,940
Less investment fees	<u>(9,146)</u>	<u>(9,649)</u>
	<u>\$ (209,883)</u>	<u>\$ 177,023</u>

## **Note 5 - 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 and common stocks with readily determinable fair values based on daily redemption values.



United Way of Cass-Clay, Inc.

Notes to Financial Statements

December 31, 2022 (With Comparative Totals for 2021)

Assets measured at fair value on a recurring basis at December 31, 2022 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	\$ 846,995	\$ 846,995	\$ -	\$ -
Common stocks	256,866	256,866	-	-
Total assets at fair value	<u>\$ 1,103,861</u>	<u>\$ 1,103,861</u>	<u>\$ -</u>	<u>\$ -</u>

Assets measured at fair value on a recurring basis at December 31, 2021 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	\$ 1,002,788	\$ 1,002,788	\$ -	\$ -
Common stocks	316,263	316,263	-	-
Total assets at fair value	<u>\$ 1,319,051</u>	<u>\$ 1,319,051</u>	<u>\$ -</u>	<u>\$ -</u>

**Note 6 - Contributions Receivable – Capital Campaign**

Contributions receivable related to the Organization's capital campaign are estimated to be collected as follows at December 31, 2022 and 2021, with a discount rate of 7.5% and 3.25%, respectively:

	2022	2021
Within one year	\$ 203,512	\$ 198,856
In one to five years	92,000	279,756
	295,512	478,612
Less discount to net present value	(6,808)	(11,788)
Contribution receivable - capital campaign, net	<u>\$ 288,704</u>	<u>\$ 466,824</u>

As of December 31, 2022 and 2021, there were no major concentrations noted.

**Note 7 - Sharing Public Support**

During the years ended December 31, 2022 and 2021, in accordance with an agreement between the Organization and United Way of America (national organization), the Board of Trustees authorized a contribution of 1% and 1.5%, respectively, of total campaign revenue, corporate sponsorships, event sponsorships, and endowment gifts to the national organization for educational and community service programs and for supporting management, general and fund raising activities on the national level.

**Note 8 - Pension Plan**

The Organization has a defined contribution pension plan covering employees who are at least 21 years of age and who have completed 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 \$78,010 and \$65,427 for the years ended December 31, 2022 and 2021.

**Note 9 - Related Party**

During the years ended December 31, 2022 and 2021, members of the Board of Trustees and the Finance Committee have pledged individual contributions totaling \$25,085 and \$69,508, respectively, for the general campaign. As of December 31, 2022 and 2021, the members owed the Organization \$0 and \$44,233, respectively, for these contributions.

During the years ended December 31, 2022 and 2021, members of the Board of Trustees and the Finance Committee have pledged corporate contributions totaling \$0 and 15,000, respectively, for the general campaign. As of December 31, 2022 and 2021, these contributions were paid in full.

In addition, members of the Board of Trustees and the Finance Committee have made commitments for the capital campaign totaling \$25,000 and \$26,500, respectively, for the years ended December 31, 2022 and 2021. As of December 31, 2022 and 2021, the members owed the Organization \$5,000 and \$10,500, respectively, for these capital campaign contributions.

## Note 10 - Leases

The Organization leases copier equipment under a long-term, non-cancelable finance lease agreement with a term ending in 2025. The Organization included in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases. Also, the agreements generally require the Organization to pay real estate taxes, insurance, and repairs.

The weighted-average discount rate is based on the discount rate implicit in the lease. If the implicit rate is not readily determinable from the lease, the Organization estimates an applicable incremental borrowing rate. The incremental borrowing rate is estimated using the Organization's applicable borrowing rates and the contractual lease term.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

Total lease costs for the year ended December 31, 2022 were as follows:

	<u>2022</u>
Finance lease cost	
Interest expense	\$ 420
Amortization of right-of-use assets	5,998

Total lease expense under noncancelable leases was \$6,298 for the year December 31, 2021.

The following table summarizes the supplemental cash flow information for the year ended December 31, 2022:

	<u>2022</u>
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from finance leases	\$ 420
Financing cash flows from finance leases	6,165

The following summarizes the weighted-average remaining lease term and weight-average discount rate:

	<u>2022</u>
Weighted-average remaining lease term in years:	
Finance leases	3.00
Weighted-average discount rate:	
Finance leases	2.00%

The future minimum lease payments under noncancelable finance leases with terms greater than one year are listed below as of December 31, 2022.

	<u>Finance</u>
2023	\$ 6,298
2024	6,298
2025	<u>5,772</u>
Total lease payments	18,368
Less interest	<u>(540)</u>
Present value of lease liabilities	<u>\$ 17,828</u>

Future minimum payments determined under the guidance in Topic 840 are listed below as of December 31, 2021:

<u>Years Ending December 31,</u>	<u>Amount</u>
2022	\$ 13,065
2023	11,652
2024	11,652
2025	<u>11,652</u>
	<u>\$ 48,021</u>

**Note 11 - 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, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Subject to the Passage of Time		
Building project	\$ 288,704	\$ 466,824
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	<u>3,216,520</u>	<u>3,311,788</u>
	<u>3,505,224</u>	<u>3,778,612</u>
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Restricted by donors for		
Available for general use	27,206	46,837
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation		
General use	<u>73,201</u>	<u>72,901</u>
Total endowments	<u>100,407</u>	<u>119,738</u>
	<u>\$ 3,605,631</u>	<u>\$ 3,898,350</u>

In 2022 and 2021, net assets were released from donor restrictions by collecting contributions or by incurring expenditures satisfying the restricted purposes in the amounts of \$3,778,612 and \$3,908,074. These amounts are included in net assets released from restrictions in the accompanying financial statements.

**Note 12 - 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, 2022 and 2021, 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.

Endowment activity for the years ended December 31, 2022 and 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, December 31, 2020	\$ -	\$ 106,049	\$ 106,049
Investment income	-	2,864	2,864
Net appreciation (realized and unrealized)	-	9,525	9,525
Restricted contribution	-	1,300	1,300
Balance, December 31, 2021	-	119,738	119,738
Investment income	-	2,335	2,335
Net appreciation (realized and unrealized)	-	(21,966)	(21,966)
Restricted contribution	-	300	300
Balance, December 31, 2022	<u>\$ -</u>	<u>\$ 100,407</u>	<u>\$ 100,407</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, 2022 and 2021.

### **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 13 - In Kind Contributions**

For the years ended December 31, 2022 and 2021, in-kind contributions recognized within the statements of activities included the following:

	<u>2022</u>	<u>2021</u>
Advertising	\$ 20,526	\$ 17,392
Supplies	6,386	19,490
Food and beverage	11,011	139
Facility space	77,850	75,000
Professional services	<u>40,751</u>	<u>56,432</u>
	<u><u>\$ 156,524</u></u>	<u><u>\$ 168,453</u></u>

Contributed advertising, supplies, and food and beverage are valued using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a “like-kind” methodology considering the goods’ condition and utility for use at the time of the contribution. Contributed food and beverage and supplies are used in program services and contributed advertising is used for fundraising and development.

Contributed facility space is valued using estimated U.S. wholesale prices (principal market) of identical or similar products using pricing data under a “like-kind” methodology considering the goods’ condition and utility for use at the time of the contribution. Contributed facility space is used for fundraising and development.

Contributed professional services are valued using estimated U.S. wholesale prices (principal market) of identical or similar services using pricing data under a “like-kind” methodology considering the utility for use at the time of the contribution. Contributed services are used in program services.

All gifts-in-kind received during the years ended December 31, 2022 and 2021 were unrestricted.





Supplementary Information  
December 31, 2022

**United Way of Cass-Clay, Inc.**



## Independent Auditor's Report on Supplementary Information

To 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, 2022, and have issued our report thereon dated June 6, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole.

The supplementary information 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  
June 6, 2023

United Way of Cass-Clay, Inc.  
Schedule of Allotments to Agencies  
Year Ended December 31, 2022

	Annual Allotments
Afro-American Development Association	\$ 95,000
Boys & Girls Clubs of the Red River Valley	53,133
CAPLP (Lakes and Prairies Community Action Partnership, Inc.)	304,584
Churches United	90,329
Emergency Food Pantry	31,158
Fargo Cass Public Health	34,000
Fargo Public Schools- Fargo Adult Learning Center	50,000
FirstLink	70,000
FM Coalition to End Homelessness	40,000
Great Plains Food Bank	121,314
Immigrant Development Center	132,000
Legal Services of North Dakota	45,000
Legal Services of Northwest Minnesota	30,000
Moorhead Area Public Schools	100,000
New Life Center	50,866
Nexus-Path Family Healing	72,000
Northern Cass Public School District Agency	25,000
Presentation Partners in Housing	375,078
Rape & Abuse Crisis Center	202,146
Red River Children's Advocacy Center	101,095
Rural Enrichment and Counseling Headquarters (REACH)	25,125
Solutions Behavioral Healthcare Professionals, Inc.	65,000
South East Education Cooperative (SEEC)	80,000
SouthEastern North Dakota Community Action Agency	100,499
The Village Family Service Center	150,121
TNT Kid's Fitness & Gymnastics Academy	30,301
Vocational Training Center	45,000
West Fargo Public Schools Agency	100,081
YMCA of Cass and Clay Counties	300,543
Youthworks	65,097
YWCA Cass Clay	242,131
Total allotments to agencies of the organization	3,226,601
Amounts designated by donors	(13,417)
	<u>\$ 3,213,184</u>