



Consolidated Financial Statements  
August 31, 2018 and 2017

# United Way of Northeastern South Dakota, Inc.

United Way of Northeastern South Dakota, Inc.

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August 31, 2018 and 2017

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## Independent Auditor's Report

The Board of Directors  
United Way of Northeastern South Dakota, Inc.  
Aberdeen, South Dakota

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of United Way of Northeastern South Dakota, Inc. (a nonprofit corporation), which comprise the consolidated statements of financial position as of August 31, 2018 and 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of United Way of Northeastern South Dakota, Inc. as of August 31, 2018 and 2017, and the changes in its net assets, functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

Aberdeen, South Dakota  
November 29, 2018

United Way of Northeastern South Dakota, Inc.  
Consolidated Statements of Financial Position  
August 31, 2018 and 2017

	2018	2017
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 69,378	\$ 74,592
Certificates of deposit	102,462	101,728
Contributions receivable, net of allowances	170,702	151,462
Prepaid expenses	3,414	2,122
Security deposit	-	850
Total current assets	345,956	330,754
<b>Property and Equipment</b>		
Lease hold improvements	-	3,481
Furniture and equipment	1,030	1,030
Computers and software	4,876	4,158
	5,906	8,669
Less accumulated depreciation	(4,893)	(4,238)
Total property and equipment	1,013	4,431
<b>Investments</b>		
Cash value life insurance	7,781	7,472
Investments held by Foundation	1,046,166	1,009,891
Total investments	1,053,947	1,017,363
	\$ 1,400,916	\$ 1,352,548
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 4,134	\$ 1,571
Accrued vacation	1,080	3,929
Total current liabilities	5,214	5,500
<b>Net Assets</b>		
<b>Unrestricted</b>		
Undesignated, available for general activities	1,119,468	1,083,050
<b>Designated:</b>		
Contingency fund	100,000	100,000
Total unrestricted net assets	1,219,468	1,183,050
Temporarily restricted	176,234	163,998
Total net assets	1,395,702	1,347,048
	\$ 1,400,916	\$ 1,352,548

United Way of Northeastern South Dakota, Inc.  
Consolidated Statements of Activities  
Years Ended August 31, 2018 and 2017

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public Support and Revenue						
Public support						
Contributions	\$ -	\$ 732,689	\$ 732,689	\$ -	\$ 721,409	\$ 721,409
Less amounts designated by donors for specific organizations	-	(17,193)	(17,193)	-	(22,128)	(22,128)
Initiatives contributions	-	24,000	24,000	-	-	-
Total public support	-	739,496	739,496	-	699,281	699,281
Net assets released from restrictions	727,260	(727,260)	-	704,960	(704,960)	-
Other revenue						
Net investment return	86,637	-	86,637	101,472	-	101,472
In-kind and miscellaneous income	29,370	-	29,370	21,718	-	21,718
Total other revenue	116,007	-	116,007	123,190	-	123,190
Total public support and revenue	843,267	12,236	855,503	828,150	(5,679)	822,471
Expenses						
Program services expense						
Distributions to local agencies	586,212	-	586,212	545,157	-	545,157
Less allocations funded through donor designations	(17,193)	-	(17,193)	(22,128)	-	(22,128)
Total distributions to local agencies	569,019	-	569,019	523,029	-	523,029
Program services - local agencies	43,081	-	43,081	42,388	-	42,388
Total program services expenses	612,100	-	612,100	565,417	-	565,417
Supporting services expense						
Management and general	93,821	-	93,821	83,307	-	83,307
Fundraising	100,928	-	100,928	90,373	-	90,373
Total supporting services expenses	194,749	-	194,749	173,680	-	173,680
Total expenses	806,849	-	806,849	739,097	-	739,097
Change in Net Assets	36,418	12,236	48,654	89,053	(5,679)	83,374
Net Assets, Beginning of Year	1,183,050	163,998	1,347,048	1,093,997	169,677	1,263,674
Net Assets, End of Year	\$ 1,219,468	\$ 176,234	\$ 1,395,702	\$ 1,183,050	\$ 163,998	\$ 1,347,048

See Notes to Consolidated Financial Statements

United Way of Northeastern South Dakota, Inc.  
Consolidated Statements of Functional Expenses  
Years Ended August 31, 2018 and 2017

	2018				2017			
	Management and General	Fundraising	Program Services	Total Functional Expenses	Management and General	Fundraising	Program Services	Total Functional Expenses
Local Agency Distributions	\$ -	\$ -	\$ 569,019	\$ 569,019	\$ -	\$ -	\$ 523,029	\$ 523,029
Salary - Director	12,964	35,650	16,205	64,819	13,491	37,100	16,864	67,455
Salary - Administrative Assistant	24,815	10,696	7,273	42,784	22,744	9,804	6,666	39,214
Experience Grant Expense	-	-	500	500	-	-	-	-
Employee Benefits	8,229	6,280	7,147	21,656	6,731	5,137	5,846	17,714
Payroll Taxes	3,211	2,451	2,788	8,450	3,031	2,313	2,633	7,977
National Dues	8,202	-	-	8,202	6,955	-	-	6,955
Campaign Expenses	-	28,374	-	28,374	-	23,190	-	23,190
Service Fees	-	4,300	-	4,300	-	4,618	-	4,618
Sponsorship Expense	-	3,979	-	3,979	-	-	-	-
Travel and Conference	2,413	-	-	2,413	2,559	-	-	2,559
Director's Expense Allowance	127	76	51	254	483	290	192	965
Office Supplies	5,596	3,358	2,238	11,192	2,060	1,236	823	4,119
Postage	662	397	265	1,324	1,368	821	547	2,736
Telephone	784	470	313	1,567	827	496	331	1,654
Office Rent and Utilities	5,329	3,197	2,132	10,658	5,788	3,473	2,314	11,575
Insurance and Bonds	2,053	-	-	2,053	2,154	-	-	2,154
Professional Fees	11,129	-	-	11,129	10,538	-	-	10,538
Membership Dues	1,004	-	-	1,004	1,211	-	-	1,211
Computer and Copier Expense	1,640	984	656	3,280	1,601	960	640	3,201
Software Expense	417	250	167	834	-	-	-	-
Bank Fees	722	-	-	722	763	-	-	763
Miscellaneous Expense	1,165	-	3,035	4,200	-	333	5,131	5,464
Depreciation	777	466	311	1,554	1,003	602	401	2,006
Loss on Disposal	2,582	-	-	2,582	-	-	-	-
	<u>\$ 93,821</u>	<u>\$ 100,928</u>	<u>\$ 612,100</u>	<u>\$ 806,849</u>	<u>\$ 83,307</u>	<u>\$ 90,373</u>	<u>\$ 565,417</u>	<u>\$ 739,097</u>

United Way of Northeastern South Dakota, Inc.  
Consolidated Statements of Cash Flows  
Years Ended August 31, 2018 and 2017

	2018	2017
Operating Activities		
Change in net assets	\$ 48,654	\$ 83,374
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	1,554	2,006
Realized and unrealized gains	(29,852)	(60,832)
Loss on sale of property and equipment	2,582	-
Change in cash surrender value life insurance	(309)	(297)
Interest added to certificate of deposit	(734)	(924)
Donated fixed assets	(718)	-
Changes in assets and liabilities:		
Contributions receivable	(19,240)	3,217
Security deposit	850	-
Prepaid expenses	(1,292)	194
Accounts payable	2,563	(7,698)
Vacation payable	(2,849)	2,391
Net Cash from Operating Activities	1,209	21,431
Investing Activities		
Sale of investments	171,789	76,614
Purchase of investments	(178,212)	(82,010)
Purchase of certificate of deposit	-	(25,000)
Net Cash from (used for) Investing Activities	(6,423)	(30,396)
Net Change in Cash	(5,214)	(8,965)
Cash Beginning of Year	74,592	83,557
Cash End of Year	\$ 69,378	\$ 74,592



## **Note 1 - Principal Activity and Significant Accounting Policies**

### **Principal Business Activity**

United Way of Northeastern South Dakota, Inc. is a nonprofit corporation organized under the laws of the State of South Dakota. The primary purpose of the Organization is to conduct annual campaigns for the raising of funds to meet the financial needs of various charitable organizations in Northeastern South Dakota.

### **Principles of Consolidation**

The consolidated financial statements include the accounts of the United Way of Northeastern South Dakota, Inc. and the United Way of Northeastern South Dakota Foundation (collectively the Organization) because the United Way of Northeastern South Dakota Inc. has both control and an economic interest in the Foundation. All significant intercompany accounts and transactions have been eliminated in consolidation.

### **Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

### **Cash and Cash Equivalents**

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

### **Concentration of Credit Risk**

The Organization's cash balances are maintained in various bank deposit accounts. The deposit amount may exceed federally insured limits at various times throughout the year.

### **Certificates of Deposit**

The Organization records its non-brokered certificates of deposit at cost plus accrued interest.

### **Contributions Receivable**

Contributions receivable are recorded at net realizable value which, due to the short-term nature of the receivables, is the amount pledged less an allowance for amounts estimated to be uncollectible. The allowance for uncollectible contributions receivable is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions receivable are written off when deemed uncollectible.

## **Investments**

Investment purchases are recorded at cost or, if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income and realized and unrealized capital gains and losses, less investment management and custodial fees.

## **Property and Equipment**

Property and equipment are capitalized at cost. It is the Organization's policy to capitalize expenditures or donations of equipment received for these items in excess of a value of \$300. Lesser amounts are expensed. Property and equipment are being depreciated over estimated useful lives of three to ten years using a straight-line method.

The carrying values of property and equipment are reviewed 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. There were no indicators of asset impairment during the years ended August 31, 2018 and 2017.

## **Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Unrestricted Net Assets* – Net assets available for use in general operations. Unrestricted board-designated net assets consist of net assets designated by the Board of Directors for a contingency fund.

*Temporarily Restricted Net Assets* – Net assets subject to donor restrictions that may or will be met by expenditures, actions and/or the passage of time.

Contributions are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

*Permanently Restricted Net Assets* – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by the Organization's actions. The Organization has no permanently restricted net assets.

### **Designation of Unrestricted Net Assets**

The Board of Directors has designated a part of its unrestricted net assets as a contingency reserve fund. The ultimate goal of this fund would be to set aside up to three months of allocations and operating expenses to have on hand in the event of a community disaster, shutdown of a major employer, community initiative, or other event as the Board deems necessary. The amount designated by the Board in this manner is reflected on the face of the statements of financial position.

### **Public Support and Revenue**

Annual campaigns are conducted in the fall of the year to raise support for allocation to participating agencies in the subsequent fiscal year. Contributions are recognized when cash, securities or other assets, or unconditional promises to give are received. Campaign results for undesignated contributions received or receivable for annual campaigns are recognized as income in the current year as temporarily restricted net assets. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Contributions of donated noncash assets are recorded at their fair values in the period received. The majority of contributions are received from a broad base of Northeastern South Dakota contributors as a result of the annual campaigns.

### **Donated Services and In-Kind Contributions**

Volunteers contribute significant amounts of time to our 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 value of in-kind contributions recorded was \$21,368 and \$15,009 for the years ended August 31, 2018 and 2017, respectively.

### **Functional Allocation of Expenses**

The costs of providing the various programs and 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 management and general, fundraising, and program services.

### **Income Taxes**

The Organization and the Foundation are exempt from Federal income taxes under Section 501(c) (3) of the Internal Revenue Code, and the organizations are not private foundations under the Internal Revenue Code. Each entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. Management has determined that each entity 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 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.

## Subsequent Events

The Organization has evaluated subsequent events through November 29, 2018, the date which the financial statements were available to be issued.

## Note 2 - Fair Value Measurements and Disclosures

The Organization reports certain assets at fair value in the consolidated 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 Organization'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 can be accessed 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 investment assets are classified within Level 1 because they are comprised of open-end mutual funds and equities with readily determinable fair values based on daily redemption values. The Organization also invests in corporate bonds traded in the financial markets. These bonds are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions and are classified within Level 2. The Organization's cash value of life insurance policies are determined based upon information received from the life insurance companies and are classified within Level 3.

United Way of Northeastern South Dakota, Inc.  
Notes to Consolidated Financial Statements  
August 31, 2018 and 2017

The following table presents assets measured at fair value on a recurring basis at August 31, 2018:

	Fair Value Measurements at Report Date Using			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<u>Assets</u>				
Investments				
Corporate bonds	\$ -	\$ 282,971	\$ -	\$ 282,971
Cash value life insurance	-	-	7,781	7,781
Equities	31,135	-	-	31,135
Mutual funds				
World allocation	197,636	-	-	197,636
Large blend	183,511	-	-	183,511
Large growth	174,561	-	-	174,561
Bank loan	139,232	-	-	139,232
World stock	37,120	-	-	37,120
	<u>\$ 763,195</u>	<u>\$ 282,971</u>	<u>\$ 7,781</u>	<u>\$ 1,053,947</u>

The following table presents assets measured at fair value on a recurring basis at August 31, 2017:

	Fair Value Measurements at Report Date Using			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<u>Assets</u>				
Investments				
Corporate bonds	\$ -	\$ 281,446	\$ -	\$ 281,446
Cash value life insurance	-	-	7,472	7,472
Equities	30,017	-	-	30,017
Mutual funds				
World allocation	208,696	-	-	208,696
Large blend	170,805	-	-	170,805
Large growth	152,821	-	-	152,821
Bank loan	35,704	-	-	35,704
World stock	130,402	-	-	130,402
	<u>\$ 728,445</u>	<u>\$ 281,446</u>	<u>\$ 7,472</u>	<u>\$ 1,017,363</u>

United Way of Northeastern South Dakota, Inc.  
Notes to Consolidated Financial Statements  
August 31, 2018 and 2017

Below is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended August 31, 2018 and 2017:

	2018	2017
Cash value life insurance:		
Balance at beginning of year	\$ 7,472	\$ 7,175
Net unrealized gain	309	297
Balance at end of year	\$ 7,781	\$ 7,472
Unrealized gain included in miscellaneous income in the statement of activities relating to assets still held at end of year	\$ 309	\$ 297

**Note 3 - Net Investment Return**

Net investment return consists of the following for the years ended August 31, 2018 and 2017:

	2018	2017
Investments		
Interest, dividends and capital gain distributions	\$ 56,785	\$ 40,640
Net realized and unrealized gain	29,852	60,832
	\$ 86,637	\$ 101,472

**Note 4 - Contributions Receivable**

Contributions receivable at August 31, 2018 and 2017 are as follows:

	2018	2017
Receivable within one year	\$ 217,702	\$ 202,262
Less allowance for uncollectible contributions	(42,400)	(46,200)
Less allowance for service fees	(4,600)	(4,600)
Net contributions receivable	\$ 170,702	\$ 151,462

The amount of contributions receivable at year end reflects the total contributions receivable for both the current and future campaigns. Contributions receivable for the next year's campaign is \$27,823 and \$20,785 as of August 31, 2018 and 2017, respectively.

**Note 5 - Line of Credit**

The Organization has a line of credit with US Bank with a credit limit of \$25,000 that is due on demand with no maturity date. This line of credit bears interest at a variable rate of 1.25% over the prime rate. As of August 31, 2018, the interest rate on the line was 6.25%. As of August 31, 2018 and 2017, the outstanding balance on this line of credit was \$0.

**Note 6 - Restrictions on Net Assets**

Temporarily restricted net assets are as follows:

	2018	2017
Contributions receivable, current campaign, net of allowance	\$ 135,179	\$ 132,977
Contributions receivable, next year's campaign, net of allowance	25,023	18,485
Contributions received for next year's campaign	16,032	12,536
	\$ 176,234	\$ 163,998

Net assets were released from restrictions as follows during the years ended August 31, 2018 and 2017:

	2018	2017
Expiration of time restrictions:	\$ 151,462	\$ 154,679
Satisfaction of purpose restrictions:		
Local agency distributions and operating expenses	575,798	550,281
	\$ 727,260	\$ 704,960

**Note 7 - Operating Lease**

During 2015, the Organization entered into a lease agreement for office space. The initial lease of \$350 per month expired on October 1, 2017 and was renewable for two additional five year terms. The Organization continued to occupy this space through May 2018. Effective June 29, 2018, the Organization entered into a new lease agreement. The initial lease of \$650 per month expires on June 29, 2019. Rent paid, including parking fees, for the years ended August 31, 2018 and 2017 was \$5,258 and \$4,375, respectively. Rent expense also includes donated in-kind rent reduction of \$5,400 and \$7,200 for the years ended August 31, 2018 and 2017, respectively.

Future required minimum lease payments are as follows:

Year Ending August 31,	Amount
2019	\$ 5,850

**Note 8 - Employee Benefit Plan**

The Organization has a defined contribution salary deferral plan covering all employees. Under the plan, each eligible employee can contribute up to 6% of their salary, and the Organization matches up to 3% of each eligible employee's salary. Contributions to the plan by the Organization for the years ended August 31, 2018 and 2017 were \$3,314 and \$3,128, respectively.

**Note 9 - Related Party Transactions**

The Organization received campaign contributions from board members totaling \$20,992 and \$15,961 for the years ended August 31, 2018 and 2017, respectively.





Supplementary Information  
August 31, 2018 and 2017

# United Way of Northeastern South Dakota, Inc.



## Independent Auditor's Report on Supplementary Information

The Board of Directors  
United Way of Northeastern South Dakota, Inc.  
Aberdeen, South Dakota

We have audited the consolidated financial statements of United Way of Northeastern South Dakota, Inc. (the Organization) as of and for the years ended August 31, 2018 and 2017, and our report thereon dated November 29, 2018, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplementary information on pages 16 through 19 is presented for the purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Aberdeen, South Dakota  
November 29, 2018

United Way of Northeastern South Dakota, Inc.  
Consolidating Statements of Financial Position  
August 31, 2018 and 2017

	2018						
	United Way of Northeastern South Dakota Unrestricted	United Way of Northeastern South Dakota Temporarily Restricted	United Way of Northeastern South Dakota Total	United Way of Northeastern South Dakota Foundation Unrestricted	United Way of Northeastern South Dakota Foundation Temporarily Restricted	Eliminating Entry	Total
<b>Assets</b>							
<b>Current Assets</b>							
Cash	\$ 47,854	\$ 16,032	\$ 63,886	\$ 5,492	\$ -	\$ -	\$ 69,378
Certificates of deposit	102,462	-	102,462	-	-	-	102,462
Contributions receivable, net of allowances	10,500	160,202	170,702	-	-	-	170,702
Prepaid expenses	3,414	-	3,414	-	-	-	3,414
Total current assets	<u>164,230</u>	<u>176,234</u>	<u>340,464</u>	<u>5,492</u>	<u>-</u>	<u>-</u>	<u>345,956</u>
<b>Property and Equipment</b>							
Furniture and equipment	1,030	-	1,030	-	-	-	1,030
Computers and software	4,876	-	4,876	-	-	-	4,876
	5,906	-	5,906	-	-	-	5,906
Less accumulated depreciation	(4,893)	-	(4,893)	-	-	-	(4,893)
Total property and equipment	<u>1,013</u>	<u>-</u>	<u>1,013</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,013</u>
<b>Investments</b>							
	7,781	-	7,781	1,046,166	-	-	1,053,947
	<u>\$ 173,024</u>	<u>\$ 176,234</u>	<u>\$ 349,258</u>	<u>\$ 1,051,658</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,400,916</u>
<b>Liabilities and Net Assets</b>							
<b>Current Liabilities</b>							
Accounts payable	\$ 4,134	\$ -	\$ 4,134	\$ -	\$ -	\$ -	\$ 4,134
Accrued vacation	1,080	-	1,080	-	-	-	1,080
Total current liabilities	<u>5,214</u>	<u>-</u>	<u>5,214</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,214</u>
<b>Net Assets</b>							
<b>Unrestricted</b>							
Undesignated, available for general activities	67,810	-	67,810	1,051,658	-	-	1,119,468
Designated:							
Contingency fund	100,000	-	100,000	-	-	-	100,000
Total unrestricted net assets	<u>167,810</u>	<u>-</u>	<u>167,810</u>	<u>1,051,658</u>	<u>-</u>	<u>-</u>	<u>1,219,468</u>
<b>Temporarily restricted</b>							
	-	176,234	176,234	-	-	-	176,234
Total net assets	<u>167,810</u>	<u>176,234</u>	<u>344,044</u>	<u>1,051,658</u>	<u>-</u>	<u>-</u>	<u>1,395,702</u>
	<u>\$ 173,024</u>	<u>\$ 176,234</u>	<u>\$ 349,258</u>	<u>\$ 1,051,658</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,400,916</u>

United Way of Northeastern South Dakota, Inc.  
Consolidating Statements of Financial Position  
August 31, 2018 and 2017

	2017						Total
	United Way of Northeastern South Dakota Unrestricted	United Way of Northeastern South Dakota Temporarily Restricted	United Way of Northeastern South Dakota Total	United Way of Northeastern South Dakota Foundation Unrestricted	United Way of Northeastern South Dakota Foundation Temporarily Restricted	Eliminating Entry	
<b>Assets</b>							
<b>Current Assets</b>							
Cash	\$ 61,140	\$ 12,536	\$ 73,676	\$ 916	\$ -	\$ -	\$ 74,592
Certificates of deposit	101,728	-	101,728	-	-	-	101,728
Contributions receivable, net of allowances	-	151,462	151,462	-	-	-	151,462
Prepaid expenses	2,122	-	2,122	-	-	-	2,122
Security deposit	850	-	850	-	-	-	850
Total current assets	<u>165,840</u>	<u>163,998</u>	<u>329,838</u>	<u>916</u>	<u>-</u>	<u>-</u>	<u>330,754</u>
<b>Property and Equipment</b>							
Leasehold improvements	3,481	-	3,481	-	-	-	3,481
Furniture and equipment	1,030	-	1,030	-	-	-	1,030
Computers and software	4,158	-	4,158	-	-	-	4,158
	8,669	-	8,669	-	-	-	8,669
Less accumulated depreciation	<u>(4,238)</u>	<u>-</u>	<u>(4,238)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,238)</u>
Total property and equipment	<u>4,431</u>	<u>-</u>	<u>4,431</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,431</u>
Investments	7,472	-	7,472	1,009,891	-	-	1,017,363
	<u>\$ 177,743</u>	<u>\$ 163,998</u>	<u>\$ 341,741</u>	<u>\$ 1,010,807</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,352,548</u>
<b>Liabilities and Net Assets</b>							
<b>Current Liabilities</b>							
Accounts payable	\$ 1,571	\$ -	\$ 1,571	\$ -	\$ -	\$ -	\$ 1,571
Accrued vacation	3,929	-	3,929	-	-	-	3,929
Total current liabilities	<u>5,500</u>	<u>-</u>	<u>5,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,500</u>
<b>Net Assets</b>							
<b>Unrestricted</b>							
Undesignated, available for general activities	72,243	-	72,243	1,010,807	-	-	1,083,050
Designated:							
Contingency fund	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Total unrestricted net assets	<u>172,243</u>	<u>-</u>	<u>172,243</u>	<u>1,010,807</u>	<u>-</u>	<u>-</u>	<u>1,183,050</u>
Temporarily restricted	-	163,998	163,998	-	-	-	163,998
Total net assets	<u>172,243</u>	<u>163,998</u>	<u>336,241</u>	<u>1,010,807</u>	<u>-</u>	<u>-</u>	<u>1,347,048</u>
	<u>\$ 177,743</u>	<u>\$ 163,998</u>	<u>\$ 341,741</u>	<u>\$ 1,010,807</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,352,548</u>

United Way of Northeastern South Dakota, Inc.  
Consolidating Statements of Activities  
Years Ended August 31, 2018 and 2017

	2018							
	United Way of Northeastern South Dakota Unrestricted	United Way of Northeastern South Dakota Temporarily Restricted	United Way of Northeastern South Dakota Total	United Way of Northeastern South Dakota Foundation Unrestricted	United Way of Northeastern South Dakota Foundation Temporarily Restricted	United Way of Northeastern South Dakota Foundation Total	Eliminating Entry	Total
Public Support and Revenue								
Public support								
Contributions	\$ -	\$ 732,689	\$ 732,689	\$ -	\$ -	\$ -	\$ -	\$ 732,689
Less amounts designated by donors for specific organizations	-	(17,193)	(17,193)	-	-	-	-	(17,193)
Initiatives contributions	-	24,000	24,000	-	-	-	-	24,000
Total public support	-	739,496	739,496	-	-	-	-	739,496
Net assets released from restrictions	727,260	(727,260)	-	-	-	-	-	-
Other revenue								
Net investment return	762	-	762	85,875	-	85,875	-	86,637
In-kind and miscellaneous income	29,370	-	29,370	-	-	-	-	29,370
Total other revenue	30,132	-	30,132	85,875	-	85,875	-	116,007
Total public support and revenue	757,392	12,236	769,628	85,875	-	85,875	-	855,503
Expenses								
Program services expense								
Distributions to local agencies	542,688	-	542,688	43,524	-	43,524	-	586,212
Less allocations funded through donor designations	(17,193)	-	(17,193)	-	-	-	-	(17,193)
Total distributions to local agencies	525,495	-	525,495	43,524	-	43,524	-	569,019
Program services - local agencies	43,081	-	43,081	-	-	-	-	43,081
Total program services expenses	568,576	-	568,576	43,524	-	43,524	-	612,100
Supporting services expense								
Management and general	93,821	-	93,821	-	-	-	-	93,821
Fundraising	99,428	-	99,428	1,500	-	1,500	-	100,928
Total supporting services expenses	193,249	-	193,249	1,500	-	1,500	-	194,749
Total expenses	761,825	-	761,825	45,024	-	45,024	-	806,849
Change in Net Assets	(4,433)	12,236	7,803	40,851	-	40,851	-	48,654
Net Assets, Beginning of Year	172,243	163,998	336,241	1,010,807	-	1,010,807	-	1,347,048
Net Assets, End of Year	\$ 167,810	\$ 176,234	\$ 344,044	\$ 1,051,658	\$ -	\$ 1,051,658	\$ -	\$ 1,395,702

United Way of Northeastern South Dakota, Inc.  
Consolidating Statements of Activities  
Years Ended August 31, 2018 and 2017

	2017							
	United Way of Northeastern South Dakota Unrestricted	United Way of Northeastern South Dakota Temporarily Restricted	United Way of Northeastern South Dakota Total	United Way of Northeastern South Dakota Foundation Unrestricted	United Way of Northeastern South Dakota Foundation Temporarily Restricted	United Way of Northeastern South Dakota Foundation Total	Eliminating Entry	Total
Public Support and Revenue								
Public support								
Contributions	\$ -	\$ 721,409	\$ 721,409	\$ -	\$ -	\$ -	\$ -	\$ 721,409
Less amounts designated by donors for specific organizations	-	(22,128)	(22,128)	-	-	-	-	(22,128)
Total public support	-	699,281	699,281	-	-	-	-	699,281
Net assets released from restrictions	704,960	(704,960)	-	-	-	-	-	-
Other revenue								
Net investment return	945	-	945	100,527	-	100,527	-	101,472
In-kind and miscellaneous income	21,385	-	21,385	333	-	333	-	21,718
Total other revenue	22,330	-	22,330	100,860	-	100,860	-	123,190
Total public support and revenue	727,290	(5,679)	721,611	100,860	-	100,860	-	822,471
Expenses								
Program services expense								
Distributions to local agencies	494,557	-	494,557	50,600	-	50,600	-	545,157
Less allocations funded through donor designations	(22,128)	-	(22,128)	-	-	-	-	(22,128)
Total distributions to local agencies	472,429	-	472,429	50,600	-	50,600	-	523,029
Program services - local agencies	42,388	-	42,388	-	-	-	-	42,388
Total program services expenses	514,817	-	514,817	50,600	-	50,600	-	565,417
Supporting services expense								
Management and general	83,307	-	83,307	-	-	-	-	83,307
Fundraising	90,040	-	90,040	333	-	333	-	90,373
Total supporting services expenses	173,347	-	173,347	333	-	333	-	173,680
Total expenses	688,164	-	688,164	50,933	-	50,933	-	739,097
Change in Net Assets	39,126	(5,679)	33,447	49,927	-	49,927	-	83,374
Net Assets, Beginning of Year	133,117	169,677	302,794	960,880	-	960,880	-	1,263,674
Net Assets, End of Year	\$ 172,243	\$ 163,998	\$ 336,241	\$ 1,010,807	\$ -	\$ 1,010,807	\$ -	\$ 1,347,048