



Consolidated Financial Statements
August 31, 2019 and 2018

**United Way of Northeastern
South Dakota, Inc.**

United Way of Northeastern South Dakota, Inc.

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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, 2019 and 2018, 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, 2019 and 2018, and the changes in its net assets 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 black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Aberdeen, South Dakota
December 4, 2019

United Way of Northeastern South Dakota, Inc.
Consolidated Statements of Financial Position
August 31, 2019 and 2018

	2019	2018
Assets		
Current Assets		
Cash	\$ 62,567	\$ 69,378
Certificates of deposit	103,368	102,462
Contributions receivable, net of allowances	138,934	170,702
Prepaid expenses	3,464	3,414
Total current assets	308,333	345,956
Property and Equipment		
Furniture and equipment	3,678	1,030
Computers and software	4,876	4,876
	8,554	5,906
Less accumulated depreciation	(5,784)	(4,893)
Total property and equipment	2,770	1,013
Investments		
Cash value life insurance	8,099	7,781
Investments held by Foundation	1,047,357	1,046,166
Total investments	1,055,456	1,053,947
	\$ 1,366,559	\$ 1,400,916
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ -	\$ 4,134
Accrued vacation	2,483	1,080
Total current liabilities	2,483	5,214
Net Assets		
Without donor restrictions		
Undesignated, available for general activities	1,112,417	1,119,468
Designated:		
Contingency fund	100,000	100,000
Total net assets without donor restrictions	1,212,417	1,219,468
With donor restrictions	151,659	176,234
Total net assets	1,364,076	1,395,702
	\$ 1,366,559	\$ 1,400,916

United Way of Northeastern South Dakota, Inc.
Consolidated Statements of Activities
Years Ended August 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue						
Public support						
Contributions	\$ 988	\$ 672,707	\$ 673,695	\$ -	\$ 732,689	\$ 732,689
Less amounts designated by donors for specific organizations	-	(16,945)	(16,945)	-	(17,193)	(17,193)
Initiatives contributions	-	17,000	17,000	-	24,000	24,000
Total public support	<u>988</u>	<u>672,762</u>	<u>673,750</u>	<u>-</u>	<u>739,496</u>	<u>739,496</u>
Net assets released from restrictions	<u>697,337</u>	<u>(697,337)</u>	<u>-</u>	<u>727,260</u>	<u>(727,260)</u>	<u>-</u>
Other revenue						
Net investment return	46,124	-	46,124	86,637	-	86,637
Grant income	2,000	-	2,000	-	-	-
In-kind and miscellaneous income	14,753	-	14,753	29,370	-	29,370
Total other revenue	<u>62,877</u>	<u>-</u>	<u>62,877</u>	<u>116,007</u>	<u>-</u>	<u>116,007</u>
Total public support and revenue	<u>761,202</u>	<u>(24,575)</u>	<u>736,627</u>	<u>843,267</u>	<u>12,236</u>	<u>855,503</u>
Expenses						
Program services expense						
Distributions to local agencies	565,752	-	565,752	586,212	-	586,212
Less allocations funded through donor designations	(16,945)	-	(16,945)	(17,193)	-	(17,193)
Total distributions to local agencies	<u>548,807</u>	<u>-</u>	<u>548,807</u>	<u>569,019</u>	<u>-</u>	<u>569,019</u>
Program services - local agencies	<u>44,141</u>	<u>-</u>	<u>44,141</u>	<u>43,081</u>	<u>-</u>	<u>43,081</u>
Total program services expenses	<u>592,948</u>	<u>-</u>	<u>592,948</u>	<u>612,100</u>	<u>-</u>	<u>612,100</u>
Supporting services expense						
Management and general	94,677	-	94,677	93,821	-	93,821
Fundraising	80,628	-	80,628	100,928	-	100,928
Total supporting services expenses	<u>175,305</u>	<u>-</u>	<u>175,305</u>	<u>194,749</u>	<u>-</u>	<u>194,749</u>
Total expenses	<u>768,253</u>	<u>-</u>	<u>768,253</u>	<u>806,849</u>	<u>-</u>	<u>806,849</u>
Change in Net Assets	(7,051)	(24,575)	(31,626)	36,418	12,236	48,654
Net Assets, Beginning of Year	<u>1,219,468</u>	<u>176,234</u>	<u>1,395,702</u>	<u>1,183,050</u>	<u>163,998</u>	<u>1,347,048</u>
Net Assets, End of Year	<u>\$ 1,212,417</u>	<u>\$ 151,659</u>	<u>\$ 1,364,076</u>	<u>\$ 1,219,468</u>	<u>\$ 176,234</u>	<u>\$ 1,395,702</u>

See Notes to Consolidated Financial Statements

United Way of Northeastern South Dakota, Inc.
Consolidated Statements of Functional Expenses
Years Ended August 31, 2019 and 2018

	2019				2018			
	Management and General	Fundraising	Program Services	Total Functional Expenses	Management and General	Fundraising	Program Services	Total Functional Expenses
Local Agency Distributions	\$ -	\$ -	\$ 548,807	\$ 548,807	\$ -	\$ -	\$ 569,019	\$ 569,019
Salary - Director	18,284	36,569	18,284	73,137	12,964	35,650	16,205	64,819
Salary - Administrative Assistant	25,076	8,647	9,512	43,235	24,815	10,696	7,273	42,784
Experience Grant Expense	-	-	500	500	-	-	500	500
Employee Benefits	9,979	7,616	8,666	26,261	8,229	6,280	7,147	21,656
Payroll Taxes	3,357	2,562	2,914	8,833	3,211	2,451	2,788	8,450
National Dues	7,487	-	-	7,487	8,202	-	-	8,202
Campaign Expenses	-	14,806	-	14,806	-	28,374	-	28,374
Service Fees	-	1,630	-	1,630	-	4,300	-	4,300
Sponsorship Expense	-	2,400	-	2,400	-	3,979	-	3,979
Travel and Conference	1,814	-	-	1,814	2,413	-	-	2,413
Director's Expense Allowance	234	141	94	469	127	76	51	254
Office Supplies	1,177	707	471	2,355	5,596	3,358	2,238	11,192
Postage	1,982	1,189	793	3,964	662	397	265	1,324
Telephone	817	491	327	1,635	784	470	313	1,567
Office Rent and Utilities	3,900	2,340	1,560	7,800	5,329	3,197	2,132	10,658
Insurance and Bonds	1,494	-	-	1,494	2,053	-	-	2,053
Professional Fees	14,351	-	-	14,351	11,129	-	-	11,129
Membership Dues	1,480	-	-	1,480	1,004	-	-	1,004
Computer and Copier Expense	1,664	998	666	3,328	1,640	984	656	3,280
Software Expense	441	265	176	882	417	250	167	834
Bank Fees	694	-	-	694	722	-	-	722
Miscellaneous Expense	-	-	-	-	1,165	-	3,035	4,200
Depreciation	446	267	178	891	777	466	311	1,554
Loss on Disposal	-	-	-	-	2,582	-	-	2,582
	<u>\$ 94,677</u>	<u>\$ 80,628</u>	<u>\$ 592,948</u>	<u>\$ 768,253</u>	<u>\$ 93,821</u>	<u>\$ 100,928</u>	<u>\$ 612,100</u>	<u>\$ 806,849</u>

United Way of Northeastern South Dakota, Inc.

Consolidated Statements of Cash Flows
Years Ended August 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating Activities		
Change in net assets	\$ (31,626)	\$ 48,654
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	891	1,554
Realized and unrealized (gains) losses	14,683	(29,852)
Loss on sale of property and equipment	-	2,582
Change in cash surrender value life insurance	(318)	(309)
Interest added to certificate of deposit	(906)	(734)
Donated fixed assets	-	(718)
Changes in assets and liabilities:		
Contributions receivable	31,768	(19,240)
Security deposit	-	850
Prepaid expenses	(50)	(1,292)
Accounts payable	(4,134)	2,563
Vacation payable	1,403	(2,849)
Net Cash from Operating Activities	<u>11,711</u>	<u>1,209</u>
Investing Activities		
Sale of investments	71,292	171,789
Purchase of investments	(87,166)	(178,212)
Purchase of equipment	(2,648)	-
Net Cash used for Investing Activities	<u>(18,522)</u>	<u>(6,423)</u>
Net Change in Cash	(6,811)	(5,214)
Cash Beginning of Year	<u>69,378</u>	<u>74,592</u>
Cash End of Year	<u>\$ 62,567</u>	<u>\$ 69,378</u>

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 (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 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, 2019 and 2018.

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. Board-designated net assets without donor restrictions consist of net assets designated by the Board of Directors for a contingency fund.

Net Assets with Donor Restrictions – Net assets subject to donor restrictions that either may or will be met by expenditures, actions and/or the passage of time or 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.

Contributions are reported as support with donor restrictions 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, 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 restrictions.

Designation of Net Assets Without Donor Restrictions

The Board of Directors has designated a part of its net assets without donor restrictions 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 consolidated 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 with donor restrictions. 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 \$6,500 and \$21,368 for the years ended August 31, 2019 and 2018, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated 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. The consolidated 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 office rent, utilities and depreciation, which are allocated on a square footage basis, as well as salaries, employee benefits, payroll taxes, director's expense, office supplies, postage, telephone, computer and copier expense, and software expense, which are allocated on the basis of estimates of time and effort.

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 December 4, 2019, the date which the financial statements were available to be issued.

Note 2 - Change in Accounting Policy

As of September 1, 2018, the Organization adopted the provisions of Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities*. The provisions of the ASU replace the existing three classes of net assets with two new classes (net assets without donor restrictions and net assets with donor restrictions). The ASU introduces new disclosure requirements to improve a financial statement user's ability to assess the Organization's liquidity and exposure to risk. The ASU also introduces new reporting requirements to present expenses by both function and natural classification in a single location and to present investment returns on the statements of activities net of external and direct internal investment expenses.

The amendments should be applied on a retrospective basis; however, if presenting comparative financial statements, the ASU allows for the option to omit, for any periods presented before the period of adoption, the disclosure about liquidity and availability of resources. The Organization has elected not to present comparative information for this amendment.

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

Note 3 - Liquidity and Availability

The Organization receives contributions and promises to give (pledges) that may or may not be restricted by donors. Contributions and pledges are monitored on an annual campaign calendar and are central to the annual commitment and operational needs of the Organization. The Organization manages its liquidity and reserves following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets,
- Maintaining sufficient reserves to provide reasonable assurance that short- and long-term grant commitments and obligations will be met by the Organization.

The Organization's Board will monitor and recommend any adjustments using information obtained from financial reporting mechanisms.

The Organization considers cash and contributions receivable with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. Financial assets that are not available to meet general expenditures are those with donor restrictions for use in non-current programs, Foundation investments estimated as unavailable, and internal board designations. In the event the need arises to utilize the board-designated funds or Foundation assets for liquidity purposes, amounts could be made available upon applicable board resolution.

United Way of Northeastern South Dakota, Inc.

Notes to Consolidated Financial Statements

August 31, 2019 and 2018

As part of a liquidity management plan, it is the practice of the Executive Board to place reserve funds into a prudent financial account to gain interest and limit the scope of liquidity, such as, but not limited to: CDs or money market accounts. Additionally, the Executive Committee has the authority to borrow money for short-term cash flow problems from a line of credit. The amount borrowed requires approval from two United Way officers and must have a source of income from normal business, excluding the board-designated contingency fund.

The Foundation's Board of Directors on an annual basis review and approve grant requests from local agencies. The amount determined to be paid out from investments by the Foundation is based upon 4% of the investment balance at the end of each calendar year; however, the pay out amount can be changed at any time as it is at the discretion of the Foundation's Board. The Foundation evaluates earnings for the year and the requests from local agencies when determining if a different pay out percentage needs to be used.

The following table presents financial assets available for general expenditures within one year of August 31, 2019:

Financial assets at year-end	
Cash	\$ 62,567
Certificates of deposit	103,368
Contributions receivable, net	138,934
Investments held by Foundation	<u>1,047,357</u>
Total financial assets	1,352,226
Less amounts not available to be used within one year	
Board-designated contingency fund	(100,000)
Cash restricted for non-current programs	(23,955)
Investments estimated not to be spent in next 12 months	<u>(1,006,357)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 221,914</u></u>

Note 4 - 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, 2019 and 2018

The following table presents assets measured at fair value on a recurring basis at August 31, 2019:

	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	\$ -	\$ 342,820	\$ -	\$ 342,820
Cash value life insurance	-	-	8,099	8,099
Equities	34,509	-	-	34,509
Mutual funds				
World allocation	293,526	-	-	293,526
Large blend	141,200	-	-	141,200
Large growth	122,403	-	-	122,403
Bank loan	112,899	-	-	112,899
	<u>\$ 704,537</u>	<u>\$ 342,820</u>	<u>\$ 8,099</u>	<u>\$ 1,055,456</u>

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>

United Way of Northeastern South Dakota, Inc.

Notes to Consolidated Financial Statements

August 31, 2019 and 2018

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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Cash value life insurance		
Balance at beginning of year	\$ 7,781	\$ 7,472
Net unrealized gain	<u>318</u>	<u>309</u>
Balance at end of year	<u>\$ 8,099</u>	<u>\$ 7,781</u>
Unrealized gain included in miscellaneous income in the statement of activities relating to assets still held at end of year	<u>\$ 318</u>	<u>\$ 309</u>

Note 5 - Net Investment Return

Net investment return consists of the following for the years ended August 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Investments		
Interest, dividends and capital gain distributions	\$ 60,806	\$ 56,785
Net realized and unrealized gain (loss)	<u>(14,683)</u>	<u>29,852</u>
	<u>\$ 46,123</u>	<u>\$ 86,637</u>

Note 6 - Contributions Receivable

Contributions receivable at August 31, 2019 and 2018, are as follows:

	<u>2019</u>	<u>2018</u>
Receivable within one year	\$ 171,124	\$ 217,702
Less allowance for uncollectible contributions	(30,160)	(42,400)
Less allowance for service fees	<u>(2,030)</u>	<u>(4,600)</u>
Net contributions receivable	<u>\$ 138,934</u>	<u>\$ 170,702</u>

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 \$542 and \$27,823 as of August 31, 2019 and 2018, respectively.

Note 7 - Line of Credit

The United Way of Northeastern South Dakota, Inc. 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, 2019, the interest rate on the line was 6.5%. As of August 31, 2019 and 2018, the outstanding balance on this line of credit was \$0.

Note 8 - Net Assets With Donor Restrictions

Net assets with donor restrictions are as follows:

	<u>2019</u>	<u>2018</u>
Cash, purpose restriction	\$ 17,500	\$ -
Contributions receivable, current campaign, net of allowance	130,603	135,179
Contributions receivable, next year's campaign, net of allowance	352	25,023
Contributions received for next year's campaign	<u>3,204</u>	<u>16,032</u>
	<u>\$ 151,659</u>	<u>\$ 176,234</u>

Net assets were released from restrictions as follows during the years ended August 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Expiration of time restrictions	\$ 160,202	\$ 151,462
Satisfaction of purpose restrictions		
Local agency distributions and operating expenses	<u>537,135</u>	<u>575,798</u>
	<u>\$ 697,337</u>	<u>\$ 727,260</u>

Note 9 - Operating Lease

During 2018, the Organization entered into a lease agreement for office space. The initial lease of \$650 per month expired on June 29, 2019, and was renewed for five years. Rent paid, including parking fees, for the years ended August 31, 2019 and 2018, was \$7,800 and \$5,258, respectively. Rent expense also includes donated in-kind rent reduction of \$0 and \$5,400 for the years ended August 31, 2019 and 2018, respectively.

Future required minimum lease payments are as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2020	\$ 7,800
2021	7,800
2022	7,800
2023	7,800
2024	6,500
	<u>\$ 37,700</u>

Note 10 - 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, 2019 and 2018, were \$3,449 and \$3,314, respectively.

Note 11 - Related Party Transactions

The Organization received campaign contributions from board members totaling \$20,596 and \$20,992 for the years ended August 31, 2019 and 2018, respectively.



Supplementary Information
August 31, 2019 and 2018

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, 2019 and 2018, and our report thereon dated December 4, 2019, 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 18 through 21 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
December 4, 2019

United Way of Northeastern South Dakota, Inc.
Consolidating Statements of Financial Position
August 31, 2019 and 2018

	2019						Eliminating Entry	Total
	United Way of Northeastern South Dakota Without Donor Restrictions	United Way of Northeastern South Dakota With Donor Restrictions	United Way of Northeastern South Dakota Total	United Way of Northeastern South Dakota Foundation Without Donor Restrictions	United Way of Northeastern South Dakota Foundation With Donor Restrictions			
Assets								
Current Assets								
Cash	\$ 35,408	\$ 3,204	\$ 38,612	\$ 6,455	\$ 17,500	\$ -	\$ 62,567	
Certificates of deposit	103,368	-	103,368	-	-	-	103,368	
Contributions receivable, net of allowances	7,979	130,955	138,934	-	-	-	138,934	
Prepaid expenses	3,464	-	3,464	-	-	-	3,464	
Total current assets	<u>150,219</u>	<u>134,159</u>	<u>284,378</u>	<u>6,455</u>	<u>17,500</u>	<u>-</u>	<u>308,333</u>	
Property and Equipment								
Furniture and equipment	3,678	-	3,678	-	-	-	3,678	
Computers and software	4,876	-	4,876	-	-	-	4,876	
	8,554	-	8,554	-	-	-	8,554	
Less accumulated depreciation	(5,784)	-	(5,784)	-	-	-	(5,784)	
Total property and equipment	<u>2,770</u>	<u>-</u>	<u>2,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,770</u>	
Investments	8,099	-	8,099	1,047,357	-	-	1,055,456	
	<u>\$ 161,088</u>	<u>\$ 134,159</u>	<u>\$ 295,247</u>	<u>\$ 1,053,812</u>	<u>\$ 17,500</u>	<u>\$ -</u>	<u>\$ 1,366,559</u>	
Liabilities and Net Assets								
Current Liabilities								
Accrued vacation	\$ 2,483	\$ -	\$ 2,483	\$ -	\$ -	\$ -	\$ 2,483	
Total current liabilities	<u>2,483</u>	<u>-</u>	<u>2,483</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,483</u>	
Net Assets								
Without donor restrictions								
Undesignated, available for general activities	58,605	-	58,605	1,053,812	-	-	1,112,417	
Designated:								
Contingency fund	100,000	-	100,000	-	-	-	100,000	
Total net assets without donor restrictions	<u>158,605</u>	<u>-</u>	<u>158,605</u>	<u>1,053,812</u>	<u>-</u>	<u>-</u>	<u>1,212,417</u>	
With donor restrictions								
	<u>-</u>	<u>134,159</u>	<u>134,159</u>	<u>-</u>	<u>17,500</u>	<u>-</u>	<u>151,659</u>	
Total net assets	<u>158,605</u>	<u>134,159</u>	<u>292,764</u>	<u>1,053,812</u>	<u>17,500</u>	<u>-</u>	<u>1,364,076</u>	
	<u>\$ 161,088</u>	<u>\$ 134,159</u>	<u>\$ 295,247</u>	<u>\$ 1,053,812</u>	<u>\$ 17,500</u>	<u>\$ -</u>	<u>\$ 1,366,559</u>	

United Way of Northeastern South Dakota, Inc.
Consolidating Statements of Financial Position
August 31, 2019 and 2018

	2018						Total
	United Way of Northeastern South Dakota Without Donor Restrictions	United Way of Northeastern South Dakota With Donor Restrictions	United Way of Northeastern South Dakota Total	United Way of Northeastern South Dakota Foundation Without Donor Restrictions	United Way of Northeastern South Dakota Foundation With Donor Restrictions	Eliminating Entry	
Assets							
Current Assets							
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>
Property and Equipment							
Furniture and equipment	1,030	-	1,030	-	-	-	1,030
Computers and software	4,876	-	4,876	-	-	-	4,876
	<u>5,906</u>	<u>-</u>	<u>5,906</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,906</u>
Less accumulated depreciation	<u>(4,893)</u>	<u>-</u>	<u>(4,893)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,893)</u>
Total property and equipment	<u>1,013</u>	<u>-</u>	<u>1,013</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,013</u>
Investments	<u>7,781</u>	<u>-</u>	<u>7,781</u>	<u>1,046,166</u>	<u>-</u>	<u>-</u>	<u>1,053,947</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>
Liabilities and Net Assets							
Current Liabilities							
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>
Net Assets							
Without donor restrictions							
Undesignated, available for general activities	67,810	-	67,810	1,051,658	-	-	1,119,468
Designated:							
Contingency fund	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
Total net assets without donor restrictions	<u>167,810</u>	<u>-</u>	<u>167,810</u>	<u>1,051,658</u>	<u>-</u>	<u>-</u>	<u>1,219,468</u>
With donor restrictions	<u>-</u>	<u>176,234</u>	<u>176,234</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>176,234</u>
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 Activities
Years Ended August 31, 2019 and 2018

	2019							
	United Way of Northeastern South Dakota Without Donor Restrictions	United Way of Northeastern South Dakota With Donor Restrictions	United Way of Northeastern South Dakota Total	United Way of Northeastern South Dakota Foundation Without Donor Restrictions	United Way of Northeastern South Dakota Foundation With Donor Restrictions	United Way of Northeastern South Dakota Foundation Total	Eliminating Entry	Total
Public Support and Revenue								
Public support								
Contributions	\$ -	\$ 655,207	\$ 655,207	\$ 988	\$ 17,500	\$ 18,488	\$ -	\$ 673,695
Less amounts designated by donors for specific organizations	-	(16,945)	(16,945)	-	-	-	-	(16,945)
Initiatives contributions	-	17,000	17,000	-	-	-	-	17,000
Total public support	-	655,262	655,262	988	17,500	18,488	-	673,750
Net assets released from restrictions	697,337	(697,337)	-	-	-	-	-	-
Other revenue								
Net investment return	933	-	933	45,191	-	45,191	-	46,124
Grant income	2,000	-	2,000	-	-	-	-	2,000
In-kind and miscellaneous income	14,753	-	14,753	-	-	-	-	14,753
Total other revenue	17,686	-	17,686	45,191	-	45,191	-	62,877
Total public support and revenue	715,023	(42,075)	672,948	46,179	17,500	63,679	-	736,627
Expenses								
Program services expense								
Distributions to local agencies	524,150	-	524,150	41,602	-	41,602	-	565,752
Less allocations funded through donor designations	(16,945)	-	(16,945)	-	-	-	-	(16,945)
Total distributions to local agencies	507,205	-	507,205	41,602	-	41,602	-	548,807
Program services - local agencies	44,141	-	44,141	-	-	-	-	44,141
Total program services expenses	551,346	-	551,346	41,602	-	41,602	-	592,948
Supporting services expense								
Management and general	92,254	-	92,254	2,423	-	2,423	-	94,677
Fundraising	80,628	-	80,628	-	-	-	-	80,628
Total supporting services expenses	172,882	-	172,882	2,423	-	2,423	-	175,305
Total expenses	724,228	-	724,228	44,025	-	44,025	-	768,253
Change in Net Assets	(9,205)	(42,075)	(51,280)	2,154	17,500	19,654	-	(31,626)
Net Assets, Beginning of Year	167,810	176,234	344,044	1,051,658	-	1,051,658	-	1,395,702
Net Assets, End of Year	\$ 158,605	\$ 134,159	\$ 292,764	\$ 1,053,812	\$ 17,500	\$ 1,071,312	\$ -	\$ 1,364,076

United Way of Northeastern South Dakota, Inc.
Consolidating Statements of Activities
Years Ended August 31, 2019 and 2018

	2018							Eliminating Entry	Total
	United Way of Northeastern South Dakota Without Donor Restrictions	United Way of Northeastern South Dakota With Donor Restrictions	United Way of Northeastern South Dakota Total	United Way of Northeastern South Dakota Foundation Without Donor Restrictions	United Way of Northeastern South Dakota Foundation With Donor Restrictions	United Way of Northeastern South Dakota Foundation 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	