

**SOURIS VALLEY UNITED WAY
MINOT, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JANUARY 31, 2017 AND 2016

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	5
Statements of Cash Flows	7
Statements of Functional Expenses	8
Notes to the Financial Statements	10
SUPPLEMENTARY INFORMATION	
Schedules of Cash Payments to Beneficiaries	21



CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Souris Valley United Way
Minot, North Dakota

We have audited the accompanying financial statements of Souris Valley United Way (a nonprofit organization), which comprise the statements of financial position as of January 31, 2017 and 2016, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Souris Valley United Way as of January 31, 2017 and 2016, 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.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of cash payments to beneficiaries on page 21 are presented for purposes of additional analysis and are 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 audit 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.



BRADY, MARTZ & ASSOCIATES, P.C.
MINOT, NORTH DAKOTA

May 11, 2017

SOURIS VALLEY UNITED WAY
STATEMENTS OF FINANCIAL POSITION
JANUARY 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 900,914	\$ 880,793
Pledges receivable		
Outstanding pledges	277,402	328,174
Less allowance for uncollectible pledges	<u>(28,000)</u>	<u>(25,000)</u>
Net pledges receivable	<u>249,402</u>	<u>303,174</u>
Other current assets		
Combined Federal Campaign expenses receivable	18,179	22,092
Inventory	<u>13,411</u>	<u>8,644</u>
Total other current assets	<u>31,590</u>	<u>30,736</u>
Total current assets	<u>1,181,906</u>	<u>1,214,703</u>
Beneficial interest in assets held by others	<u>476,366</u>	<u>454,889</u>
Property and equipment		
Office equipment	8,572	9,901
Computer equipment	<u>11,369</u>	<u>11,369</u>
	19,941	21,270
Less accumulated depreciation and amortization	<u>(12,458)</u>	<u>(16,400)</u>
Net property and equipment	<u>7,483</u>	<u>4,870</u>
Total assets	<u>\$ 1,665,755</u>	<u>\$ 1,674,462</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

SOURIS VALLEY UNITED WAY
STATEMENTS OF FINANCIAL POSITION - CONTINUED
JANUARY 31, 2017 AND 2016

	2017	2016
LIABILITIES AND NET ASSETS		
Current liabilities		
General expenses payable	\$ 5,275	\$ 3,966
CFC payable	5,500	-
Accrued payroll liabilities	128	3,229
Accrued vacation	8,622	8,622
Current portion of capital lease	1,244	1,764
Deferred revenue	-	64,942
Due to designated beneficiaries	12,389	15,898
Total current liabilities	33,158	98,421
Long-term liabilities		
Capital lease obligations payable (net of current portion)	5,922	294
Total liabilities	39,080	98,715
Net assets		
Unrestricted		
Designated	564,418	539,016
Undesignated	277,522	244,215
Total unrestricted	841,940	783,231
Temporarily restricted	681,969	707,250
Permanently restricted	102,766	85,266
Total net assets	1,626,675	1,575,747
Total liabilities and net assets	\$ 1,665,755	\$ 1,674,462

SEE NOTES TO THE FINANCIAL STATEMENTS

SOURIS VALLEY UNITED WAY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JANUARY 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support:				
Total amounts raised	\$ -	\$ 571,684	\$ -	\$ 571,684
Less: designations by donors to specific organizations	-	(32,108)	-	(32,108)
Less: provision for uncollectible pledges	-	(28,458)	-	(28,458)
Total public support	<u>-</u>	<u>511,118</u>	<u>-</u>	<u>511,118</u>
Other operating revenue (expense):				
Other collections	796	95,478	-	96,274
Combined Federal Campaign	16,081	-	-	16,081
In-kind revenue	227,295	23,219	-	250,514
Grant revenue	1,000	64,942	-	65,942
Restricted contributions	-	-	17,500	17,500
Special events	54,623	-	-	54,623
Net assets released from restriction	720,038	(720,038)	-	-
Total other operating revenue (expense)	<u>1,019,833</u>	<u>(536,399)</u>	<u>17,500</u>	<u>500,934</u>
Total public support and other revenue (expense)	<u>1,019,833</u>	<u>(25,281)</u>	<u>17,500</u>	<u>1,012,052</u>
Allocations and other functional expenses				
Program services:				
Agency allocations	314,928	-	-	314,928
Community services	208,790	-	-	208,790
Total program services	<u>523,718</u>	<u>-</u>	<u>-</u>	<u>523,718</u>
Supporting services:				
Fundraising	339,591	-	-	339,591
Administration	121,358	-	-	121,358
Total supporting services	<u>460,949</u>	<u>-</u>	<u>-</u>	<u>460,949</u>
Total expenses	<u>984,667</u>	<u>-</u>	<u>-</u>	<u>984,667</u>
Other non-operating revenue (expense):				
Net investment income	4,442	-	-	4,442
Increase (decrease) in beneficial interest in assets held by others	20,865	-	-	20,865
Gain (loss) on disposal	(1,764)	-	-	(1,764)
Total other non-operating revenue (expense)	<u>23,543</u>	<u>-</u>	<u>-</u>	<u>23,543</u>
Change in net assets	58,709	(25,281)	17,500	50,928
Net assets, beginning of year	<u>783,231</u>	<u>707,250</u>	<u>85,266</u>	<u>1,575,747</u>
Net assets, end of year	<u>\$ 841,940</u>	<u>\$ 681,969</u>	<u>\$ 102,766</u>	<u>\$ 1,626,675</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

SOURIS VALLEY UNITED WAY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JANUARY 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support:				
Total amounts raised	\$ -	\$ 645,230	\$ -	\$ 645,230
Less: designations by donors to specific organizations	-	(40,258)	-	(40,258)
Less: provision for uncollectible pledges	-	(19,565)	-	(19,565)
Total public support	<u>-</u>	<u>585,407</u>	<u>-</u>	<u>585,407</u>
Other operating revenue (expense)				
Other collections	1,060	129,828	-	130,888
Combined Federal Campaign	18,729	-	-	18,729
In-kind revenue	105,576	31,452	-	137,028
Restricted contributions	-	-	10,000	10,000
Grant revenue	1,000	1,095	-	2,095
Special events	67,386	-	-	67,386
Net assets released from restriction	689,907	(689,907)	-	-
Total other operating revenue (expense)	<u>883,658</u>	<u>(527,532)</u>	<u>10,000</u>	<u>366,126</u>
Total public support and other operating revenue (expense)	<u>883,658</u>	<u>57,875</u>	<u>10,000</u>	<u>951,533</u>
Allocations and other functional expenses				
Program services:				
Agency allocations	289,102	-	-	289,102
Community services	139,830	-	-	139,830
Total program services	<u>428,932</u>	<u>-</u>	<u>-</u>	<u>428,932</u>
Supporting services:				
Fundraising	231,129	-	-	231,129
Administration	109,161	-	-	109,161
Total supporting services	<u>340,290</u>	<u>-</u>	<u>-</u>	<u>340,290</u>
Total expenses	<u>769,222</u>	<u>-</u>	<u>-</u>	<u>769,222</u>
Other non-operating revenue (expense)				
Net investment income	446	2,995	-	3,441
Increase (decrease) in beneficial interest in assets held by others	-	(19,621)	-	(19,621)
Total other non-operating revenue (expense)	<u>446</u>	<u>(16,626)</u>	<u>-</u>	<u>(16,180)</u>
Change in net assets	114,882	41,249	10,000	166,131
Net assets, beginning of year	<u>668,349</u>	<u>666,001</u>	<u>75,266</u>	<u>1,409,616</u>
Net assets, end of year	<u>\$ 783,231</u>	<u>\$ 707,250</u>	<u>\$ 85,266</u>	<u>\$ 1,575,747</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

SOURIS VALLEY UNITED WAY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JANUARY 31, 2017 AND 2016

	2017	2016
Cash flows from operating activities		
Change in net assets	\$ 50,928	\$ 166,131
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	3,114	3,303
Loss on sale of property and equipment	1,764	-
(Increase) decrease in beneficial interest in assets held by others	(21,477)	28,015
Provision for uncollectible pledges	3,000	7,000
Effects on operating cash flows due to changes in:		
Pledges receivable	50,772	6,036
Inventory	(4,767)	(8,644)
Combined Federal Campaign receivable	3,913	(10,069)
General expenses payable	1,309	(1,042)
Accrued payroll	(3,101)	167
Accrued vacation	-	1,813
CFC payable	5,500	-
Deferred revenue	(64,942)	64,942
Due to designated beneficiary	(3,509)	(16,977)
Net cash provided by operating activities	22,504	240,675
Cash flows from financing activities		
Payments on capital leases	(2,383)	(1,764)
Net cash used by financing activities	(2,383)	(1,764)
Change in cash and cash equivalents	20,121	238,911
Cash and cash equivalents, beginning of period	880,793	641,882
Cash and cash equivalents, end of period	\$ 900,914	\$ 880,793
Schedule of non-cash activities		
In-kind revenue	\$ 250,514	\$ 137,028
Property acquired through capital lease	7,491	-
Total non-cash transactions	\$ 258,005	\$ 137,028

SEE NOTES TO THE FINANCIAL STATEMENTS

SOURIS VALLEY UNITED WAY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JANUARY 31, 2017

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Agency Allocations</u>	<u>Community Services</u>	<u>Fundraising/ Fund Drive</u>	<u>Administration</u>	
Agency allocation payments	\$ 350,545	\$ -	\$ -	\$ -	\$ 350,545
Less: allocations funded through donor designations	(35,617)	-	-	-	(35,617)
Salaries	-	42,527	45,417	56,448	144,392
Payroll taxes	-	3,254	3,474	4,318	11,046
Rent	-	11,478	12,251	15,239	38,968
Professional fees	-	-	-	12,480	12,480
Dues - United Fund National	-	-	-	6,365	6,365
Telephone	-	719	767	954	2,440
Travel and meeting	-	337	359	783	1,479
Advertising, printing, and postage	-	287	252,331	381	252,999
Office supplies	-	7,062	7,537	9,375	23,974
Office equipment maintenance	-	3,400	3,630	4,515	11,545
Dues and subscriptions	-	642	685	852	2,179
Insurance	-	6,280	6,704	8,339	21,323
Bank service charges	-	-	-	33	33
Depreciation and amortization	-	917	979	1,218	3,114
Interest	-	44	47	58	149
Dolly Parton Imagination Library	-	37,372	-	-	37,372
Backpack Buddies	-	75,625	-	-	75,625
Women's United	-	18,846	-	-	18,846
Community Shower	-	-	5,410	-	5,410
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 314,928</u>	<u>\$ 208,790</u>	<u>\$ 339,591</u>	<u>\$ 121,358</u>	<u>\$ 984,667</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

SOURIS VALLEY UNITED WAY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JANUARY 31, 2016

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Agency Allocations</u>	<u>Community Services</u>	<u>Fundraising/ Fund Drive</u>	<u>Administration</u>	
Agency allocation payments	\$ 346,337	\$ -	\$ -	\$ -	\$ 346,337
Less: allocations funded through donor designations	(57,235)	-	-	-	(57,235)
Salaries	-	29,260	32,857	66,367	128,484
Payroll taxes	-	2,207	2,478	5,005	9,690
Rent	-	7,454	11,616	6,523	25,593
Professional fees	-	-	-	11,845	11,845
Dues - United Fund National	-	-	-	4,455	4,455
Telephone	-	998	617	1,092	2,707
Travel and meeting	-	452	508	1,190	2,150
Advertising, printing, and postage	-	324	158,394	735	159,453
Office supplies	-	1,257	1,958	1,099	4,314
Office equipment maintenance	-	4,129	6,435	3,613	14,177
Dues and subscriptions	-	266	299	603	1,168
Insurance	-	6,361	9,913	5,567	21,841
Bank service charges	-	-	-	111	111
Miscellaneous	-	-	-	114	114
Depreciation and amortization	-	962	1,499	842	3,303
Dolly Parton Imagination Library	-	39,376	-	-	39,376
Backpack Buddies	-	44,700	-	-	44,700
Women's United	-	2,084	-	-	2,084
Community Shower	-	-	4,555	-	4,555
 Total expenses	 <u>\$ 289,102</u>	 <u>\$ 139,830</u>	 <u>\$ 231,129</u>	 <u>\$ 109,161</u>	 <u>\$ 769,222</u>

SEE NOTES TO THE FINANCIAL STATEMENTS

SOURIS VALLEY UNITED WAY
NOTES TO THE FINANCIAL STATEMENTS
JANUARY 31, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Souris Valley United Way, a non-profit organization, is governed and monitored by local citizens. The net funds collected are used in the Minot, North Dakota area. The Souris Valley United Way solicits pledges, collects pledges, and makes payments to selected qualifying beneficiaries. The vision of Souris Valley United Way is to fulfill basic human needs by bringing the community together for the purpose of assisting those in need with food, shelter, wellness, dignity, self-worth, and to encourage their development on the road to being self-sufficient.

The Organization's most significant programs are the Dolly Parton Imagination Library, which provides books to children in the surrounding communities; Backpack Buddies, which provides food for children who might not otherwise have food over the weekend; and the annual Community Shower, whereby the organization collects donated baby and adult care items and distributes them to local food pantries and shelter programs in the Minot, North Dakota community.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all certificates of deposits with a maturity of one year or less to be cash equivalents.

Pledges Receivable

Pledges receivable includes outstanding pledges from current and prior fund drives. Pledges from prior fund drives determined to be uncollectible have been charged off as a direct expense. Management determines the allowance for uncollectible pledges by identifying troubled accounts and by using historical experience applied to the accounts. Allowances for uncollectible pledges of \$28,000 and \$25,000 have been established as of January 31, 2017 and 2016, respectively. All contributions are considered available for unrestricted use, except specifically restricted pledges.

Inventories

Inventories are valued at the lower of cost or market. Cost is determined using principally the first-in, first-out method. Donated items are valued at fair market value at the date of donation.

Investment Securities

Investments in marketable securities with readily determinable fair values are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Beneficial Interest in Assets Held by Others

Beneficial interest in assets held by others is stated at the fair value of the underlying marketable securities in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

SOURIS VALLEY UNITED WAY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JANUARY 31, 2017 AND 2016

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation or amortization computed on the straight-line method. Contributed property and equipment is recorded at fair value. The estimated useful lives used to compute depreciation are as follows:

Office equipment	5-7 years
Computer equipment	3-7 years

Accrued Vacation

Vacation is earned based on length of eligible service worked by employees, with a maximum carryover of 160 hours per year. Payment in lieu of vacation shall not be granted except in the case of termination. Employees are paid for all accrued hours upon termination.

Deferred Revenue

Deferred revenue represents advance funding that was received to assist the Organization in completing its mission to mobilize people, organizations and resources in an impactful effort to advance education, financial stability, and health while addressing basic human needs.

Due to Designated Beneficiaries

Due to designated beneficiaries represent amounts which have been contributed to the Organization through the annual fund drive that have been designated to pass through to a specific entity. These amounts have been recorded in accordance with professional standards and recognized as a liability to the designated beneficiary concurrent with its recognition of cash or pledges receivable from the donor.

Fund Accounting

To ensure observance of limitations and restrictions placed on use of resources available to the Organization, the accounts of the Organization are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for reporting purposes into funds established according to their nature and purposes. Accordingly, the net assets reflect the results of transactions by fund type.

The assets, liabilities, and net assets of the Organization are reported in three self-balancing fund types as follows:

Unrestricted Funds

Unrestricted funds represent the portion of expendable funds that are available for support of the Organization's beneficiaries as well as general operations.

SOURIS VALLEY UNITED WAY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JANUARY 31, 2017 AND 2016

Temporarily Restricted Funds

Temporarily restricted funds are funds restricted in their use by outside donors.

Permanently Restricted Funds

Permanently restricted funds represent funds permanently held by others with the Organization as beneficiary of the funds.

Restricted and Unrestricted Revenue and Support

According to professional standards, the Organization has established standards for transactions in which a donor transfers assets to a recipient organization that (a) uses the asset on behalf of or (b) transfers the assets to a beneficiary named by the donor. Under professional standards the Organization discusses when transfers of assets to a nonprofit organization that are directed to be distributed to another organization may be accounted for as contributions.

Income Taxes

Under professional standards, the Organization's policy is to evaluate the likelihood that its uncertain tax positions will prevail upon examination based on the extent to which those positions have substantial support within the Internal Revenue Code and Regulations, Revenue Rulings, court decisions and other evidence.

The Souris Valley United Way is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and comparable State law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Souris Valley United Way has been classified as a publicly supported organization, which is not a private foundation under Section 509(a) of the Code.

In-Kind Contributions

Contributed facilities are recorded at their estimated fair value at the date of donation. The Organization reports gifts of advertising, professional services and other nonmonetary contributions as unrestricted revenue in the accompanying Statements of Activities and Changes in Net Assets.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense totaled \$200,063 and \$106,074 for the years ended January 31, 2017 and 2016, respectively.

Use of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SOURIS VALLEY UNITED WAY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JANUARY 31, 2017 AND 2016

Fair Value

The Organization has adopted generally accepted accounting principles regarding fair value measurements, which apply to all assets and liabilities that are being measured and reported on a fair value basis. These principles define fair value, establish a framework for measuring fair value in accordance with generally accepted accounting principles and expand disclosures about fair value measurements. The implementation of these principles does not change amounts reported in the financial statements, however, additional disclosures are required. When fair value measurements are required, various data is used in determining those values. This statement requires that assets and liabilities that are carried at fair value must be classified and disclosed in the following levels based on the nature of the data used.

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

The application of valuation techniques applied to similar assets and liabilities has been consistently applied. The following is a description of the valuation methodologies used for instruments measured at fair value:

Investments: The fair values of investments are based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Reclassifications

Certain reclassifications have been made to the 2016 financial statements to conform to the 2017 financial presentation. Such changes had no effect on net assets as previously reported.

SOURIS VALLEY UNITED WAY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JANUARY 31, 2017 AND 2016

NOTE 2 PLEDGES RECEIVABLE

Outstanding pledges as of January 31, 2017 include the following:

	Prior Year	2017 Fund Drive
Firms	\$ 6,058	\$ 84,082
Residential	-	3,580
Employees	11,977	171,705
	<u>18,035</u>	<u>259,367</u>
Total unpaid pledges - all funds		<u>\$ 277,402</u>

Outstanding pledges as of January 31, 2016 include the following:

	Prior Year	2016 Fund Drive
Firms	\$ 5,427	\$ 90,630
Residential	150	4,274
Employees	28,040	199,653
	<u>33,617</u>	<u>294,557</u>
Total unpaid pledges - all funds		<u>\$ 328,174</u>

Pledges receivable consist primarily of pledges made in and around Minot, North Dakota. All pledges are scheduled for receipt in less than one year.

NOTE 3 CONCENTRATION OF CREDIT RISK

The Organization maintains cash on deposit at various financial institutions. The amounts on deposit were insured by the FDIC up to \$250,000 per financial institution. At January 31, 2017, the Organization had approximately \$606,000 on deposit in excess of FDIC limits.

NOTE 4 DESIGNATED AND TEMPORARILY RESTRICTED NET ASSETS

The designated net assets at January 31, 2017 and 2016 consist of the following funds designated by the board of directors:

	2017	2016
Designated for specific programs	\$ 89,848	\$ 90,000
Designated as a reserve for emergencies	100,970	86,439
Designated for North Dakota Community Foundation investments	373,600	362,577
	<u>\$ 564,418</u>	<u>\$ 539,016</u>

SOURIS VALLEY UNITED WAY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JANUARY 31, 2017 AND 2016

Temporarily restricted net assets include monies received, which have not been expended for their specific purposes. Temporarily restricted net assets as of January 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Time restricted campaign pledges	\$ 511,118	\$ 585,407
Other contributions restricted for program services	170,851	114,797
North Dakota Community Foundation investments	-	7,046
	<u>\$ 681,969</u>	<u>\$ 707,250</u>

NOTE 5 UNCERTAIN TAX POSITIONS

It is the opinion of management that the Organization has no significant uncertain tax positions that would be subject to change upon examination. The federal income tax returns of the Organization are subject to examination by the IRS, generally for three years after they were filed. All tax filings are up-to-date.

NOTE 6 LEASES

The Organization leases its business premises under an operating lease. Effective May 31, 2015, the Organization's business premise lease expired. The lease called for monthly rental payments of \$271 through May 31, 2015. The Organization entered into a new lease effective June 1, 2015 for business premises at a new location. The lease expires May 30, 2020 and calls for monthly payments of \$2,600. A summary of future minimum lease payments is as follows:

Year ending January 31:	
2018	\$ 31,200
2019	31,200
2020	31,200
2021	10,400
	<u>\$ 104,000</u>

Rent expense on the business premise leases totaled \$31,200 and \$22,874 for the years ended January 31, 2017 and 2016, respectively.

The Organization leased a digital copier under a capital lease which was set to expire March 30, 2017. The monthly lease payments were \$147. On November 1, 2016 the Organization entered into a new capital lease agreement for a similar digital copier. The asset and liability under the capital lease is recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The asset is amortized over the lower of its related lease terms or its estimated productive life. Amortization of the assets under the capital leases are included in depreciation expense for 2017 and 2016.

SOURIS VALLEY UNITED WAY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JANUARY 31, 2017 AND 2016

Following is a summary of equipment held under capital lease at January 31, 2017:

	2017
Copier	\$ 7,491
Less: accumulated amortization	(749)
	\$ 6,742

The lease calls for monthly payments of \$158, plus an additional \$200 per month for maintenance charges. The Organization is also subject to overage fees if they exceed the monthly copy allowance. A summary of future minimum lease payments is as follows:

	Gross Payments	Maintenance/ Interest	Net Lease Payments
Year ending January 31:			
2018	\$ 4,296	\$ 3,052	\$ 1,244
2019	4,296	2,924	1,372
2020	4,296	2,782	1,514
2021	4,296	2,626	1,670
2022	3,222	1,856	1,366
Total	\$ 20,406	\$ 13,240	\$ 7,166

NOTE 7 BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

North Dakota Community Foundation

On May 25, 1992, Souris Valley United Way became the beneficiary of the residual of an estate. Subsequent to receipt of the funds, the board of directors voted to contribute the funds to the North Dakota Community Foundation under an agreement whereby the principal on these funds be permanently held by the North Dakota Community Foundation with the Souris Valley United Way receiving income generated on the principal. Variance power was not granted to the North Dakota Community Foundation. If all the income is not disbursed each year, it is added to the principal or is held over for disbursement in the following year. The principal balance of \$374,233 and \$372,046 as of January 31, 2017 and 2016, respectively, is reflected in Beneficial Interest in Assets Held by Others.

Minot Area Community Foundation

On July 15th, 2004, Souris Valley United Way contributed funds to the Minot Area Community Foundation under an agreement whereby the principal on these funds be permanently held by the Minot Area Community Foundation with the Souris Valley United Way receiving income generated on the principal. Variance power was not granted to the Minot Area Community Foundation. If all the income is not disbursed each year, it is added to the principal or is held over for disbursement in the following year. The principal balance of \$102,133 and \$82,843 as of January 31, 2017 and 2016, respectively, is reflected in Beneficial Interest in Assets Held by Others.

SOURIS VALLEY UNITED WAY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JANUARY 31, 2017 AND 2016

NOTE 8 FAIR VALUE MEASUREMENTS

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

<u>Description</u>	Total Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
ND Community Foundation Endowment	\$ 374,233	\$ -	\$ 374,233	\$ -
Minot Area Community Foundation Endowment	102,133	-	102,133	-
Totals	<u>\$ 476,366</u>	<u>\$ -</u>	<u>\$ 476,366</u>	<u>\$ -</u>

Assets measured at fair value on a recurring basis as of January 31, 2016 are summarized as follows:

<u>Description</u>	Total Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
ND Community Foundation Endowment	\$ 372,046	\$ -	\$ 372,046	\$ -
Minot Area Community Foundation Endowment	82,843	-	82,843	-
Totals	<u>\$ 454,889</u>	<u>\$ -</u>	<u>\$ 454,889</u>	<u>\$ -</u>

NOTE 9 ENDOWMENT FUNDS

The Organization follows Accounting Standard Codification Topic 958, "Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds." Topic 958 provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA).

The State of North Dakota enacted UPMIFA effective April 22, 2009, the provisions of which apply to endowment funds existing on or established after that date. The Organization adopted Topic 958 during the year ending July 22, 1993. The Organization had determined that the majority of the Organization's permanently restricted net assets meet the definition of endowment funds under UPMIFA.

SOURIS VALLEY UNITED WAY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JANUARY 31, 2017 AND 2016

Donor-designated and Board-designated Endowments

The Organization's endowment consists of two funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor restrictions to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Permanently restricted net assets are the portion of perpetual endowment funds that are required to be retained permanently either by explicit donor stipulations or by SPMIFA. The Board of Directors has designated \$365,000 of unrestricted net assets as a general endowment as of January 31, 2017 and 2016. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

Investment Return Objectives

The Organization has deposited their endowment funds with the North Dakota Community Foundation and the Minot Area Community Foundation, whom are responsible for investing these funds in a prudent manner.

Spending Policy

The Organization has no formal spending policy for endowment funds. It is the Board of Director's intention to accumulate earnings on endowment funds for future expenses to be determined by the Board of Directors at a later date.

SOURIS VALLEY UNITED WAY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JANUARY 31, 2017 AND 2016

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 SPMIFA 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 unrestricted net assets. The Organization's policy is to fund any deficiency. As of January 31, 2017 and 2016, endowment funds with deficiencies totaled \$633 and \$2,423, respectively.

Endowment Net Asset Composition by Type of Fund as of January 31, 2017 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Donor restricted endowment funds	\$ (633)	\$ -	\$ 102,766	\$ 102,133
Board designated endowment funds	374,233	-	-	374,233
Total funds	<u>\$ 373,600</u>	<u>\$ -</u>	<u>\$ 102,766</u>	<u>\$ 476,366</u>

Endowment Net Asset Composition by Type of Fund as of January 31, 2016 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Donor restricted endowment funds	\$ -	\$ 7,046	\$ 85,266	\$ 92,312
Board designated endowment funds	362,577	-	-	362,577
Total funds	<u>\$ 362,577</u>	<u>\$ 7,046</u>	<u>\$ 85,266</u>	<u>\$ 454,889</u>

Changes in endowment net assets as of January 31, 2017 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Net Endowment Assets</u>
Endowment net assets, beginning of year	\$ 362,577	\$ 7,046	\$ 85,266	\$ 454,889
Investment income	8,415	-	-	8,415
Net appreciation	20,865	-	-	20,865
Restricted contributions	-	-	17,500	17,500
Investment expense	(5,192)	-	-	(5,192)
Appropriated for operations	(20,111)	-	-	(20,111)
Released from restriction	7,046	(7,046)	-	-
Endowment net assets, end of year	<u>\$ 373,600</u>	<u>\$ -</u>	<u>\$ 102,766</u>	<u>\$ 476,366</u>

SOURIS VALLEY UNITED WAY
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JANUARY 31, 2017 AND 2016

Changes in endowment net assets as of January 31, 2016 is as follows:

	2016			Total Net Endowment Assets
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Endowment net assets, beginning of year	\$ 365,000	\$ 42,638	\$ 75,266	\$ 482,904
Investment income	-	8,392	-	8,392
Net depreciation	(2,423)	(17,198)	-	(19,621)
Restricted contributions	-	-	10,000	10,000
Investment expense	-	(5,400)	-	(5,400)
Appropriated for operations	-	(21,386)	-	(21,386)
Endowment net assets, end of year	<u>\$ 362,577</u>	<u>\$ 7,046</u>	<u>\$ 85,266</u>	<u>\$ 454,889</u>

NOTE 10 CONTRIBUTED SERVICES

A substantial number of unpaid volunteers have made significant contributions of their time to carry out the fund drive of the Souris Valley United Way. In accordance with professional standards, the value of this contributed time is not reflected in these statements.

NOTE 11 IN-KIND CONTRIBUTIONS

The Organization has in-kind contributions totaling \$250,514 and \$137,028 for the years ended January 31, 2017 and 2016, respectively. In-kind contributions included in the statement of functional expenses consisted of the following as of January 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Rent	\$ 2,786	\$ 2,719
Advertising	205,164	98,857
Backpack Buddies (Food)	27,846	23,319
Books	9,308	8,133
Community Shower	5,410	4,000
In-kind contributions, end of year	<u>\$ 250,514</u>	<u>\$ 137,028</u>

NOTE 12 SUBSEQUENT EVENTS

No significant events occurred subsequent to the Organization's year end. Subsequent events have been evaluated through May 11, 2017, which is the date these financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

SOURIS VALLEY UNITED WAY
SCHEDULES OF CASH PAYMENTS TO BENEFICIARIES
FOR THE YEARS ENDED JANUARY 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Domestic Violence Crisis Center	\$ 65,562	\$ 60,638
Minot Area Homeless Coalition	30,735	28,000
American Red Cross	30,000	40,000
Salvation Army	30,000	30,000
Mid Dakota Education Cooperative	27,820	-
Minot Commission on Aging	26,905	18,000
Community Action	21,580	22,015
YWCA	20,151	10,642
Northern Plains Child Advocacy	15,000	15,000
Lutheran Social Service	12,328	15,000
YMCA	11,595	19,410
Village Family Center Services	11,060	13,510
Boy Scouts	8,000	11,000
Catholic Family Service	7,104	8,000
Companions for Children	5,890	-
Bottineau Winter Park - Annie's House	5,730	-
Girl Scouts	5,500	11,000
FirstLink	5,000	7,500
Minot Area Men's Winter Refuge	5,000	-
Minot Public School Nutrition Services	2,000	2,500
Minot Area Community Foundation	2,000	-
Minot Literacy Volunteers	1,000	3,841
Souris Valley Animal Shelter	585	-
Other	-	5,595
The Welcome Table	-	19,481
PATH, Inc.	-	3,845
Minot Matwrats Wrestling Club	-	1,360
Total allotments to agencies of the organization	<u>350,545</u>	<u>346,337</u>
Amounts designated by donors	<u>(35,617)</u>	<u>(57,235)</u>
	<u><u>\$ 314,928</u></u>	<u><u>\$ 289,102</u></u>