SOURIS VALLEY UNITED WAY
MINOT, NORTH DAKOTA

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JANUARY 31, 2018 AND 2017

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BRADY MARTZ
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, 2018 and 2017, 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, 2018 and 2017, 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.

Report on Supplementary Information

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 22 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

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

May 22, 2018

SOURIS VALLEY UNITED WAY
STATEMENTS OF FINANCIAL POSITION
JANUARY 31, 2018 AND 2017

	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	$ 875,328	$ 900,914
Pledges receivable		
Outstanding pledges	187,137	277,402
Less allowance for uncollectible pledges	(22,000)	(28,000)
Net pledges receivable	165,137	249,402
Other current assets		
Combined Federal Campaign expenses receivable	9,144	18,179
Inventory	16,840	13,411
Total other current assets	25,984	31,590
Total current assets	1,066,449	1,181,906
Beneficial interest in assets held by others	532,714	476,366
Property and equipment		
Office equipment	13,507	8,572
Computer equipment	19,418	11,369
	32,925	19,941
Less accumulated depreciation and amortization	(17,295)	(12,458)
Net property and equipment	15,630	7,483
Total assets	$ 1,614,793	$ 1,665,755

SEE NOTES TO THE FINANCIAL STATEMENTS

SOURIS VALLEY UNITED WAY
STATEMENTS OF FINANCIAL POSITION - CONTINUED
JANUARY 31, 2018 AND 2017

	2018	2017
LIABILITIES AND NET ASSETS		
Current liabilities		
General expenses payable	$ 3,540	$ 5,275
CFC payable	5,500	5,500
Accrued payroll liabilities	3,916	128
Accrued vacation	8,622	8,622
Current portion of capital lease	1,372	1,244
Due to designated beneficiaries	5,242	12,389
Total current liabilities	28,192	33,158
Long-term liabilities		
Capital lease obligations payable (net of current portion)	4,550	5,922
Total liabilities	32,742	39,080
Net assets		
Unrestricted		
Designated	670,680	564,418
Undesignated	142,778	277,522
Total unrestricted	813,458	841,940
Temporarily restricted	655,807	681,969
Permanently restricted	112,786	102,766
Total net assets	1,582,051	1,626,675
Total liabilities and net assets	$ 1,614,793	$ 1,665,755

SEE NOTES TO THE FINANCIAL STATEMENTS

SOURIS VALLEY UNITED WAY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JANUARY 31, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support:				
Total amounts raised	$ -	$ 515,237	$ -	$ 515,237
Less: designations by donors to specific organizations	-	(26,048)	-	(26,048)
Less: provision for uncollectible pledges	-	(21,655)	-	(21,655)
Total public support	-	467,534	-	467,534
Other operating revenue (expense):				
Other collections	5,511	64,484	-	69,995
Combined Federal Campaign	9,591	-	-	9,591
In-kind revenue	127,524	19,299	-	146,823
Restricted contributions	-	-	10,020	10,020
Special events	44,674	-	-	44,674
Net assets released from restriction	586,580	(586,580)	-	-
Total other operating revenue (expense)	773,880	(502,797)	10,020	281,103
Total public support and other revenue (expense)	773,880	(35,263)	10,020	748,637
Allocations and other functional expenses				
Program services:				
Agency allocations	289,163	-	-	289,163
Community services	207,976	-	-	207,976
Total program services	497,139	-	-	497,139
Supporting services:				
Fundraising	234,469	-	-	234,469
Administration	128,873	-	-	128,873
Total supporting services	363,342	-	-	363,342
Total expenses	860,481	-	-	860,481
Other non-operating revenue (expense):				
Net investment income	10,307	-	-	10,307
Net appreciation in beneficial interest in assets held by others	47,812	9,101	-	56,913
Total other non-operating revenue (expense)	58,119	9,101	-	67,220
Change in net assets	(28,482)	(26,162)	10,020	(44,624)
Net assets, beginning of year	841,940	681,969	102,766	1,626,675
Net assets, end of year	$ 813,458	$ 655,807	$ 112,786	$1,582,051

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	-	511,118	-	511,118
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
Restricted contributions	-	-	17,500	17,500
Grant revenue	1,000	64,942	-	65,942
Special events	54,623	-	-	54,623
Net assets released from restriction	720,038	(720,038)	-	-
Total other operating revenue (expense)	1,019,833	(536,399)	17,500	500,934
Total public support and other operating revenue (expense)	1,019,833	(25,281)	17,500	1,012,052
Allocations and other functional expenses				
Program services:				
Agency allocations	314,928	-	-	314,928
Community services	208,790	-	-	208,790
Total program services	523,718	-	-	523,718
Supporting services:				
Fundraising	339,591	-	-	339,591
Administration	121,358	-	-	121,358
Total supporting services	460,949	-	-	460,949
Total expenses	984,667	-	-	984,667
Other non-operating revenue (expense)				
Net investment income	4,442	-	-	4,442
Net appreciation 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)	23,543	-	-	23,543
Change in net assets	58,709	(25,281)	17,500	50,928
Net assets, beginning of year	783,231	707,250	85,266	1,575,747
Net assets, end of year	$ 841,940	$ 681,969	$ 102,766	$1,626,675

SEE NOTES TO THE FINANCIAL STATEMENTS

SOURIS VALLEY UNITED WAY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JANUARY 31, 2018 AND 2017

	2018	2017
Cash flows from operating activities		
Change in net assets	$ (44,624)	$ 50,928
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	4,909	3,114
Loss on sale of property and equipment	-	1,764
Increase in beneficial interest in assets held by others	(56,348)	(21,477)
Contributions restricted for investment in permanent endowments	(10,020)	(17,500)
Provision for uncollectible pledges	21,655	31,458
Effects on operating cash flows due to changes in:		
Pledges receivable	62,610	22,314
Inventory	(3,429)	(4,767)
Combined Federal Campaign receivable	9,035	3,913
General expenses payable	(1,735)	1,309
Accrued payroll liabilities	3,788	(3,101)
CFC payable	-	5,500
Deferred revenue	-	(64,942)
Due to designated beneficiary	(7,147)	(3,509)
Net cash provided (used) by operating activities	(21,306)	5,004
Cash flows used for investing activities		
Purchase of property and equipment	(13,056)	-
Cash flows from financing activities		
Payments on capital leases	(1,244)	(2,383)
Contributions restricted for investment in permanent endowments	10,020	17,500
Net cash provided by financing activities	8,776	15,117
Change in cash and cash equivalents	(25,586)	20,121
Cash and cash equivalents, beginning of year	900,914	880,793
Cash and cash equivalents, end of year	$ 875,328	$ 900,914
Schedule of non-cash activities		
In-kind revenue	$ 146,823	$ 250,514
Property acquired through capital lease	-	7,491
Total non-cash transactions	$ 146,823	$ 258,005

SEE NOTES TO THE FINANCIAL STATEMENTS

SOURIS VALLEY UNITED WAY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JANUARY 31, 2018

	Program Services		Supporting Services		
	Agency Allocations	Community Services	Fundraising/ Fund Drive	Administration	Total
Agency allocation payments	$ 322,358	$ -	$ -	$ -	$ 322,358
Less: allocations funded through donor designations	(33,195)	-	-	-	(33,195)
Salaries	-	36,224	56,434	65,731	158,389
Payroll taxes	-	2,772	4,317	5,028	12,117
Employee benefits	-	4,823	7,513	8,750	21,086
Rent	-	8,304	12,937	15,067	36,308
Professional fees	-	-	-	12,990	12,990
Dues - United Fund National	-	-	-	8,385	8,385
Telephone	-	541	843	981	2,365
Travel and meeting	-	235	365	3,015	3,615
Advertising, printing, and postage	-	240	140,834	435	141,509
Office supplies	-	708	1,103	1,285	3,096
Office equipment maintenance	-	1,782	2,777	3,234	7,793
Dues and subscriptions	-	254	396	461	1,111
Insurance	-	644	1,003	1,169	2,816
Bank service charges	-	-	-	34	34
Depreciation and amortization	-	1,123	1,749	2,037	4,909
Interest	-	149	232	271	652
Dolly Parton Imagination Library	-	54,838	-	-	54,838
Backpack Buddies	-	70,641	-	-	70,641
Women's United	-	24,698	-	-	24,698
Community Shower	-	-	3,966	-	3,966
Total expenses	$ 289,163	$ 207,976	$ 234,469	$ 128,873	$ 860,481

SEE NOTES TO THE FINANCIAL STATEMENTS

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

	Program Services		Supporting Services		
	Agency Allocations	Community Services	Fundraising/ Fund Drive	Administration	Total
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
Total expenses	$ 314,928	$ 208,790	$ 339,591	$ 121,358	$ 984,667

SEE NOTES TO THE FINANCIAL STATEMENTS

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 care items and distributes them to local food pantries and shelter programs in the Minot, North Dakota community.

Financial Statement Presentation

The financial statement presentation of the Organization is maintained in accordance with accounting principles generally accepted in the United States of America (GAAP). Under GAAP, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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 $22,000 and $28,000 have been established as of January 31, 2018 and 2017, respectively. All contributions are considered available for unrestricted use, except specifically restricted pledges.

Inventories

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

Beneficial Interest in Assets Held by Others

Beneficial interest in assets held by others consist of a board designated endowment fund established with the North Dakota Community Foundation and a donor restricted endowment fund established with the Minot Area Community Foundation. Beneficial interest in assets held by others are stated at the net asset value per share of the underlying marketable securities in the accompanying Statements of Financial Position. Unrealized gains and losses are included in the change in net assets.

The Souris Valley United Way, North Dakota Community Foundation (the Foundations), and Minot Area Community Foundation (the Foundations), understand that the bylaws of the Foundations and applicable tax laws require that the board of directors of the Foundations have variance powers over the assets donated to the Souris Valley United Way Foundation Funds (the Funds). The Foundations retain the power to modify any restriction or condition on any distribution from the Funds for any specified charitable purpose or to specified organizations if, it in the sole judgement of the Foundations, such restriction or condition becomes, in effect, unnecessarily incapable of fulfillment, or inconsistent with the charitable needs of the community of the area which the Foundations serve. It is also agreed that no restrictions or conditions may be imposed upon the administration of the Funds which will prevent the Foundations from freely and effectively employing the transferred assets or income there from and furtherance of its exempt status. The Foundations also retain the power, in the Foundations' sole discretion, to modify or withhold any distribution of principal if such distribution would otherwise fail to qualify for a charitable purposes as defined in Section 170(c) of the Internal Revenue Code.

Property and Equipment

The Organization capitalizes property and equipment over $1,000. 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.

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 self-balancing fund types as follows:

Unrestricted Undesignated Funds

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

Unrestricted Designated Funds

Unrestricted designated funds represent amounts that have been set aside by the board of directors for specific programs, emergency reserves, and program investments with various community foundations.

Temporarily Restricted Funds

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

Permanently Restricted Funds

Permanently restricted funds represent funds held in perpetuity by unrelated organizations with Souris Valley United Way named as the beneficiary of funds.

Restricted and Unrestricted Revenue and Support

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 $103,034 and $200,063 for the years ended January 31, 2018 and 2017, 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.

Changes in Accounting Principles

In May 2015, the FASB issued ASU 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value Per Share (or Its Equivalent)*. The amendment removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. ASU 2015-07 has been adopted for the fiscal year ended January 31, 2018. This change in accounting principle has been applied retrospectively to the financial statement presentation for the year ended January 31, 2017 to conform to the adoption of the ASU and has no effect on net assets as previously reported.

In July 2015, the FASB issued ASU 2015-11, S*implifying the Measurement of Inventory.* The amendment allows the Organization to value inventory at the lower of cost or net realizable value, instead of the lower of cost or market value. ASU 2015-11 has been adopted for the fiscal year ended January 31, 2018. The change in accounting principle has been applied prospectively to the financial statement presentation. The adoption of the new accounting standard did not have a significant effect on the financial statements.

Reclassifications

Certain reclassifications have been made to the 2017 financial statements to conform to the 2018 presentation. Such changes had no effect on net assets as previously reported.

NOTE 2 PLEDGES RECEIVABLE

Outstanding pledges as of January 31, 2018 include the following:

	Prior Year	2018 Fund Drive
Firms	$ 1,385	$ 51,445
Residential	-	2,280
Employees	8,565	123,462
	9,950	177,187
Total unpaid pledges - all funds		$ 187,137

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
	18,035	259,367
Total unpaid pledges - all funds		$ 277,402

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, 2018, the Organization had deposits of approximately $542,000 in excess of FDIC limits.

NOTE 4 DESIGNATED AND TEMPORARILY RESTRICTED NET ASSETS

The designated net assets at January 31, 2018 and 2017 consist of the following funds designated by the board of directors:

	2018	2017
Designated for specific programs	$ 146,266	$ 89,848
Designated as a reserve for emergencies	114,826	100,970
Designated for North Dakota Community Foundation investments	409,588	373,600
	$ 670,680	$ 564,418

Temporarily restricted net assets include monies received from donors which have not been expended for their specified purposes. Temporarily restricted net assets as of January 31, 2018 and 2017 are as follows:

	2018	2017
Time restricted campaign pledges	$ 467,534	$ 511,118
Other contributions restricted for program services	188,273	170,851
	$ 655,807	$ 681,969

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 a 60 month operating lease which 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:	
2019	$ 31,200
2020	31,200
2021	10,400
	$ 72,800

Rent expense on the business premises lease totaled $31,200 for both of the years ended January 31, 2018 and 2017.

The Organization leases a digital copier under a 60 month capital lease which expires October 31, 2021. 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. The asset and liability under the capital lease is recorded at the lower of the present value of future minimum lease payments or the fair value of the asset. The asset is amortized over the lower of its related lease term or its estimated productive life. Amortization of the asset under capital lease is included in depreciation expense for the years ended January 31, 2018 and 2017.

Following is a summary of equipment held under capital lease at January 31, 2018 and 2017:

	2018	2017
Copier	$ 7,491	$ 7,491
Less: accumulated amortization	(2,247)	(749)
	$ 5,244	$ 6,742

A summary of future minimum lease payments is as follows:

	Gross Payments	Maintenance/ Interest	Net Lease Payments
Year ending January 31:			
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	$ 16,110	$ 10,188	$ 5,922

NOTE 7 INVESTMENTS IN ENTITIES THAT CALCULATE NET ASSET VALUE PER SHARE (OR ITS EQUIVALENT)

	2018 Net Asset Value	2017 Net Asset Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Beneficial interest in assets held at:					
ND Community Foundation	$ 409,588	$ 374,233	$ -	N/A	N/A
Minot Area Community Foundation	123,126	102,133	-	N/A	N/A
	$ 532,714	$ 476,366	$ -		

The beneficial interest in assets held at the North Dakota Community Foundation and Minot Area Community Foundation have been valued, as a practical expedient, at the fair value of the Organization's share of the Community Foundations' investment pools as of the measurement date. The Community Foundations value securities and other financial instruments on a fair value basis of accounting. The estimated fair value of certain investments of the Community Foundations, which includes private placements and other securities for which prices may not be readily available, are determined by the management of the Community Foundations and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

The North Dakota Community Foundation's investments are composed approximately of 5% cash and cash equivalents, 65% equities, 25% bonds, and 5% alternative investments which includes real estate. The Minot Area Community Foundation's investments are composed approximately of 55% equities, 35% bonds, and 10% alternative investment strategies. The beneficial interest in assets held at the North Dakota Community Foundation and Minot Area Community Foundation are not redeemable by the Organization as described in Note 1.

NOTE 8 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.

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, 2018 and 2017. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted designated 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.

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, 2018 and 2017, endowment funds with deficiencies totaled $0 and $633, respectively. Endowment net asset composition by fund type as of January 31, 2018 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor restricted endowment funds	$ -	$ 10,340	$ 112,786	$ 123,126
Board designated endowment funds	409,588	-	-	409,588
Total funds	$ 409,588	$ 10,340	$ 112,786	$ 532,714

Endowment net asset composition by fund type as of January 31, 2017 is as follows:

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

Changes in endowment net assets as of January 31, 2018 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, beginning of year	$ 373,600	$ -	$ 102,766	$ 476,366
Investment income	7,182	7,693	-	14,875
Net appreciation	47,812	9,101	-	56,913
Restricted contributions	-	-	10,020	10,020
Investment expense	(4,006)	(1,890)	-	(5,896)
Appropriated for operations	(15,000)	(4,564)	-	(19,564)
Endowment net assets, end of year	$ 409,588	$ 10,340	$ 112,786	$ 532,714

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
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	$ 373,600	$ -	$ 102,766	$ 476,366

NOTE 9 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 10 IN-KIND CONTRIBUTIONS

The Organization received in-kind contributions totaling $146,823 and $250,514 for the years ended January 31, 2018 and 2017, respectively. In-kind contributions included in the accompanying Statement of Functional Expenses consisted of the following as of January 31, 2018 and 2017:

	2018	2017
Rent	$ 5,438	$ 2,786
Advertising	106,120	205,164
Backpack Buddies (Food)	19,299	27,846
Books	12,000	9,308
Community Shower	3,966	5,410
In-kind contributions, end of year	$146,823	$250,514

NOTE 11 NEW ACCOUNTING PRONOUNCEMENTS

ASU 2014-09, Revenue from Contracts with Customers (Topic 606)

During 2014, the FASB issued a new standard related to revenue recognition. ASU 2014-09, upon its effective date, replaces almost all existing revenue recognition guidance, including industry-specific guidance, in current U.S. GAAP. Under the new standard, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The guidance will be effective for the Company for annual periods beginning after December 15, 2018, and interim periods within annual reporting periods beginning after December 15, 2019.

ASU 2016-02, Leases (Topic 842)

During 2016, the FASB issued guidance to change the accounting for leases. The main provision of ASU 2016-02 is that lessees will be required to recognize lease assets and lease liabilities for most long-term leases, including those classified as operating leases under GAAP. The ASU is effective for the Company for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020.

ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities

This ASU simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance and cash flows. The ASU is effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018.

Management has not yet determined what effect these pronouncements will have on the Organization’s financial statements.

With the exception of the new standards discussed above, we have not identified any other new accounting pronouncements that have potential significance to the Organization's financial statements.

NOTE 12 SUBSEQUENT EVENTS

No significant events occurred subsequent to the Organization's year end. Subsequent events have been evaluated through May 22, 2018, 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, 2018 AND 2017

	2018	2017
Domestic Violence Crisis Center	$ 65,000	$ 65,562
Minot Area Homeless Coalition	30,000	30,735
American Red Cross	10,542	30,000
Salvation Army	30,000	30,000
Mid Dakota Education Cooperative	-	27,820
Minot Commission on Aging	24,815	26,905
Community Action	20,390	21,580
YWCA	25,000	20,151
Northern Plains Child Advocacy	25,000	15,000
Lutheran Social Service	10,000	12,328
YMCA	10,000	11,595
Village Family Center Services	13,050	11,060
Boy Scouts	10,000	8,000
Catholic Family Service	12,050	7,104
Companions for Children	7,860	5,890
Bottineau Winter Park - Annie's House	5,445	5,730
Girl Scouts	7,500	5,500
FirstLink	5,846	5,000
Minot Area Men's Winter Refuge	3,525	5,000
Minot Public School Nutrition Services	1,000	2,000
Minot Area Community Foundation	-	2,000
Minot Literacy Volunteers	1,025	1,000
Souris Valley Animal Shelter	935	585
Second Story	455	-
Relay for Life	165	-
Our Lady of Grace Food Pantry	1,120	-
The Lord's Cupboard	1,120	-
PATH, Inc.	315	-
Junior Achievement	200	-
Total allotments to agencies of the organization	322,358	350,545
Amounts designated by donors	(33,195)	(35,617)
	$ 289,163	$ 314,928