

**UNITED WAY OF DOUGLAS & POPE COUNTIES**  
**FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**YEARS ENDED JUNE 30, 2016 AND 2015**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
United Way of Douglas & Pope Counties  
Alexandria, Minnesota

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of United Way of Douglas & Pope Counties (a nonprofit corporation), which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows 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 misstatement, whether due to fraud or error.

### ***Auditors' 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 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 financial statements. The procedures selected depend on the auditors' 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.

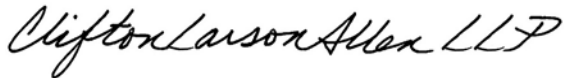
United Way of Douglas & Pope Counties  
Alexandria, MN

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Way of Douglas & Pope Counties as of June 30, 2016 and 2015, 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 Schedule of Net Funds Distributed and Schedule of Temporarily Restricted Net Assets 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.



**CliftonLarsonAllen LLP**

Alexandria, Minnesota  
October 5, 2016

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**UNITED WAY OF DOUGLAS & POPE COUNTIES**  
**STATEMENTS OF FINANCIAL POSITION**  
**YEARS ENDED JUNE 30, 2016**

	2016	2015
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 441,433	\$ 421,564
Certificates of Deposit	10,379	10,351
Pledges Receivable, Net	183,732	189,894
Accounts Receivable	2,235	805
Prepaid Expenses	1,833	1,833
Inventory	8,868	16,248
Total Current Assets	648,480	640,695
<b>EQUIPMENT</b>		
Equipment	49,425	58,700
Less: Accumulated Depreciation	(30,608)	(33,945)
Total Equipment	18,817	24,755
<b>OTHER ASSETS</b>		
Endowment Fund	25,000	-
Total Assets	\$ 692,297	\$ 665,450
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 11,002	\$ 690
Accrued Liabilities	17,337	20,583
Allocations Payable	300,626	269,975
Fiscal Accounts	67,991	71,279
Donor Designations Payable	9,981	13,492
Total Current Liabilities	406,937	376,019
<b>NET ASSETS</b>		
Unrestricted		
Board Designated	101,500	76,500
Undesignated	77,463	114,485
Temporarily Restricted	106,397	98,446
Total Net Assets	285,360	289,431
Total Liabilities and Net Assets	\$ 692,297	\$ 665,450

See accompanying Notes to Financial Statements.

**UNITED WAY OF DOUGLAS & POPE COUNTIES**  
**STATEMENT OF ACTIVITY**  
**YEAR ENDED JUNE 30, 2016**

	2016		
	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT</b>			
Gross Campaign Results 2015/2016	\$ 605,257	\$ 105,874	\$ 711,131
Less Donor Designations	(10,111)	-	(10,111)
Less Uncollectible Pledges	(17,725)	-	(17,725)
Net Campaign Revenue 2015/2016	577,421	105,874	683,295
In-Kind Donations	70,402	-	70,402
Donated Services	21,450	-	21,450
Special Events	37,843	-	37,843
Interest Income	603	-	603
Rent Income	2,940	-	2,940
Fee Income	2,637	-	2,637
Net Assets Released from Restrictions	97,923	(97,923)	-
Total Revenue and Other Support	811,219	7,951	819,170
<b>EXPENSES</b>			
Program Services			
Agency Allocations	310,737	-	310,737
Less Donor Designations	(10,111)	-	(10,111)
Net Agency Allocations	300,626	-	300,626
Other Allocations and Agency Relations	34,046	-	34,046
Total Allocations and Agency Relations	334,672	-	334,672
Community Impact	344,986	-	344,986
Total Program Services	679,658	-	679,658
Support Services			
Fundraising	91,172	-	91,172
Management and General	52,411	-	52,411
Total Support Services	143,583	-	143,583
Total Expenses	823,241	-	823,241
<b>CHANGE IN NET ASSETS</b>	(12,022)	7,951	(4,071)
Net Assets - Beginning of Year	190,985	98,446	289,431
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 178,963</u>	<u>\$ 106,397</u>	<u>\$ 285,360</u>

See accompanying Notes to Financial Statements.



**UNITED WAY OF DOUGLAS & POPE COUNTIES**  
**STATEMENT OF ACTIVITY (CONTINUED)**  
**YEAR ENDED JUNE 30, 2015**

	2015		
	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT</b>			
Gross Campaign Results 2014/2015	\$ 534,562	\$ 151,102	\$ 685,664
Less Donor Designations	(13,622)	-	(13,622)
Less Uncollectible Pledges	(28,762)	-	(28,762)
Net Campaign Revenue 2014/2015	492,178	151,102	643,280
In-Kind Donations	96,742	-	96,742
Donated Services	23,040	-	23,040
Special Events	45,373	-	45,373
Interest Income	634	-	634
Rent Income	1,328	-	1,328
Fee Income	2,253	-	2,253
Net Assets Released from Restrictions	151,974	(151,974)	-
Total Revenue and Other Support	813,522	(872)	812,650
<b>EXPENSES</b>			
Program Services			
Agency Allocations	283,597	-	283,597
Less Donor Designations	(13,622)	-	(13,622)
Net Agency Allocations	269,975	-	269,975
Other Allocations and Agency Relations	37,644	-	37,644
Total Allocations and Agency Relations	307,619	-	307,619
Community Impact	434,414	-	434,414
Total Program Services	742,033	-	742,033
Support Services			
Fundraising	80,532	-	80,532
Management and General	57,309	-	57,309
Total Supportive Services	137,841	-	137,841
Total Expenses	879,874	-	879,874
<b>CHANGE IN NET ASSETS</b>	(66,352)	(872)	(67,224)
Net Assets - Beginning of Year	257,337	99,318	356,655
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 190,985</u>	<u>\$ 98,446</u>	<u>\$ 289,431</u>

**UNITED WAY OF DOUGLAS & POPE COUNTIES**  
**STATEMENT OF FUNCTIONAL EXPENSE**  
**YEAR ENDED JUNE 30, 2016**

	2016				
	Program Services		Support Services		Totals
	Community Impact	Allocations and Agency Relations	Fund-Raising	Management and General	
Agency Allocations	\$ -	\$ 300,626	\$ -	\$ -	
Dolly Parton Imagination Library Allocations	38,114	-	-	-	38,114
Community Impact Program Expenses	158,349	-	-	-	158,349
Board and Staff Development	4,912	1,637	819	819	8,187
Salaries and Payroll Taxes	63,492	12,156	58,652	38,608	172,908
Telephone	1,219	431	94	131	1,875
Printing	2,572	812	993	135	4,512
Supplies	2,909	1,293	970	215	5,387
Postage and Shipping	539	58	108	14	719
Professional Fees	23,217	-	-	5,096	28,313
Dues and Subscriptions	1,406	639	-	512	2,557
United Way of America Dues	1,836	1,836	1,836	1,837	7,345
Insurance	2,099	645	645	645	4,034
Depreciation	5,669	333	333	333	6,668
Rent	13,408	2,312	4,161	3,236	23,117
Travel	2,341	167	669	167	3,344
Special Events	-	-	14,074	-	14,074
Bank and Credit Card Fees	-	-	-	663	663
Advertising	19,546	11,727	7,818	-	39,091
Repairs and Maintenance	406	-	-	-	406
Miscellaneous	1,863	-	-	-	1,863
Licenses	1,089	-	-	-	1,089
<b>TOTAL EXPENSES</b>	<b>\$ 344,986</b>	<b>\$ 334,672</b>	<b>\$ 91,172</b>	<b>\$ 52,411</b>	<b>\$ 823,241</b>

See accompanying Notes to Financial Statements.

**UNITED WAY OF DOUGLAS & POPE COUNTIES**  
**STATEMENT OF FUNCTIONAL EXPENSE (CONTINUED)**  
**YEAR ENDED JUNE 30, 2015**

	2015				
	Program Services		Support Services		Totals
	Community Impact	Allocations and Agency Relations	Fund-Raising	Management and General	
Agency Allocations	\$ -	\$ 269,975	\$ -	\$ -	
Dolly Parton Imagination Library Allocations	41,540	-	-	-	41,540
Community Impact Program Expenses	220,214	-	-	-	220,214
Board and Staff Development	8,947	2,982	1,491	1,491	14,911
Salaries and Payroll Taxes	80,825	14,696	45,924	42,250	183,695
Telephone	1,368	484	105	147	2,104
Printing	2,546	804	983	134	4,467
Supplies	4,025	1,789	1,342	298	7,454
Postage and Shipping	668	71	134	18	891
Professional Fees	23,614	-	-	5,183	28,797
Dues and Subscriptions	1,477	672	-	537	2,686
United Way of America Dues	1,865	1,865	1,865	1,865	7,460
Insurance	1,606	494	494	494	3,088
Depreciation	5,632	331	331	331	6,625
Rent	13,572	2,340	4,212	3,276	23,400
Travel	3,399	243	971	243	4,856
Special Events	-	-	15,432	-	15,432
Bank and Credit Card Fees	-	-	-	1,042	1,042
Advertising	18,122	10,873	7,249	-	36,244
Repairs and Maintenance	1,511	-	-	-	1,511
Miscellaneous	1,929	-	-	-	1,929
Licenses	1,554	-	-	-	1,554
<b>TOTAL EXPENSES</b>	<b>\$ 434,414</b>	<b>\$ 307,619</b>	<b>\$ 80,533</b>	<b>\$ 57,309</b>	<b>\$ 879,875</b>

See accompanying Notes to Financial Statements.

**UNITED WAY OF DOUGLAS & POPE COUNTIES**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2016**

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Collected:		
Cash Received from Annual Campaign	\$ 728,507	\$ 693,085
Cash Received from Investment Income	575	610
Cash Received from Rental Income	2,940	1,328
Cash Payments:		
Cash Paid to Allocations	(269,975)	(307,308)
Cash Paid to Community Impact	(126,061)	(165,012)
Cash Paid to Special Events	(14,074)	(15,432)
Cash Paid to Employees, Occupancy, and Supplies	(276,313)	(296,268)
Net Cash Provided (Used) by Operating Activities	45,599	(88,997)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Fixed Assets	(730)	(1,654)
Contribution to Endowment Fund	(25,000)	-
Net Cash Used by Investing Activities	(25,730)	(1,654)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	19,869	(90,651)
Cash and Cash Equivalents - Beginning of Year	421,564	512,215
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 441,433	\$ 421,564
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (4,071)	\$ (67,224)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation	6,668	6,625
(Increase) Decrease in Current Assets		
Certificate of Deposit Accrued Interest	(28)	(24)
Pledges Receivable	6,162	2,459
Accounts Receivable	(1,430)	(280)
Inventory	7,380	(4,296)
Increase (Decrease) in Current Liabilities		
Accounts Payable	10,312	(1,146)
Accrued Liabilities	(3,246)	10,882
Allocations Payable	30,651	(37,333)
Fiscal Accounts	(3,288)	1,551
Donor Designations Payable	(3,511)	(211)
Net Cash Provided (Used) by Operating Activities	\$ 45,599	\$ (88,997)

See accompanying Notes to Financial Statements.

**UNITED WAY OF DOUGLAS & POPE COUNTIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Business Activity**

United Way of Douglas & Pope Counties (the Organization) is a non-profit organization which conducts annual campaigns to raise contributions from the general public for allocations to participating and nonparticipating agencies. The Organization also pulls different resources together from the community to address the most pressing needs of those in the community. Its mission is mobilizing Douglas & Pope County resources to create sustained changes in community conditions to improve lives.

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

**Basis of Presentation**

The Organization follows the Statements of Financial Accounting Standards, *Financial Statements of Not-For-Profit Organizations*. Under those provisions, net assets and revenues, gains, and losses are classified based on donor imposed restrictions. Accordingly, net assets of the Organization and changes therein, are classified and reported as follows:

**Unrestricted** – Resources over which the Board of Directors has discretionary control. Designated amounts represent those revenues, which the Board has set aside for a particular purpose.

**Temporarily Restricted** – Those resources subject to donor imposed restrictions which will be satisfied by action of the Organization or passage of time.

**Permanently Restricted** – Those resources subject to a donor imposed restriction that they be maintained permanently by the Organization. The donors of these resources would typically permit the Organization, to use all or part of the income earned including capital appreciation on related investments, for unrestricted or temporarily restricted purposes. The Organization did not have any permanently restricted net assets for the years ending June 30, 2016 and 2015.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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. Estimates also affect the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

**UNITED WAY OF DOUGLAS & POPE COUNTIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

Cash and cash equivalents include short-term investments with original maturities of three months or less. Cash and cash equivalents at June 30, 2016 and 2015 consist of the following:

	2016	2015
Cash in Checking	\$ 161,369	\$ 51,975
Cash in Savings and Money Market	280,064	369,589
Total Cash and Cash Equivalents	\$ 441,433	\$ 421,564

The Organization maintains its cash balances at local financial institutions. Cash accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. As of June 30, 2016 and 2015, cash deposits exceeded FDIC limits by \$-0- and \$-0-, respectively. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on its cash accounts.

**Certificates of Deposit**

Certificates of deposit are recorded at cost which approximates fair market value.

**Equipment**

Equipment purchases equal or greater than \$500 are capitalized and are recorded at cost, or if the item was donated, at estimated fair value. Equipment purchases not capitalized are expensed. Depreciation is computed using the straight-line method at rates based on estimated useful lives of three to five years.

Total depreciation expense for the years ended June 30, 2016 and 2015 was \$6,668 and \$6,625, respectively.

**Pledges Receivable**

Unconditional promises to give, less an uncollectible allowance of \$19,000 for June 30, 2016 and 2015 are recognized as assets and revenues in the period in which the pledges are made. Pledges receivable are normally expected to be collected within one year and are uncollateralized.

**Donor Designations Payable**

Donor organizations and individuals participating in the United Way of Douglas & Pope Counties campaign may choose to designate all or part of their contribution to be distributed to specific charitable organizations. The funds are recorded as a liability when received and a reduction of the liability when expended.

**UNITED WAY OF DOUGLAS & POPE COUNTIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Inventory**

Inventory consists of items on hand including coats, toys and school supplies. These items are valued at cost or at fair market value if donated.

**Income Tax**

United Way of Douglas & Pope Counties qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, no expense has been recognized for income taxes in the accompanying financial statements. The Organization is not a private foundation and contributions to the Organization qualify as charitable deductions by the contributor.

The Organization follows the income tax standard for uncertain tax positions. The Organization evaluated its tax positions and determined it has no uncertain tax positions as of June 30, 2016 and 2015.

**Revenue and Support**

Substantially all contributions received from the public are a direct result of fund-raising efforts. All contributions are considered to be available for unrestricted use at the time received unless specifically restricted by the donor.

**Donated Services**

The Organization recognized contribution revenue for contributed services related to their management and general expenses. Contribution revenue from services was measured based on the fair value of those services, and the amounts recognized were as follows for the years ending June 30, 2016 and 2015:

	2016	2015
Audit Services	\$ 9,750	\$ 7,940
Advertising	11,000	14,000
Other Services	700	1,100
Total Donated Services	<u>\$ 21,450</u>	<u>\$ 23,040</u>

In addition, over 3,000 volunteer hours were provided to the Organization for their program services during the years ending June 30, 2016 and 2015 for which no value has been assigned because those services do not meet the criteria for recognition in the financial statements.

**Functional Expenses**

The Organization allocated its expenses on a functional basis among its programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure; other expenses are allocated based on an analysis of personnel time and space utilized for the related activities.

**UNITED WAY OF DOUGLAS & POPE COUNTIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Advertising Costs**

The Organization conducts nondirect response advertising. These costs are expensed as incurred. Advertising costs for the years ended June 30, 2016 and 2015 are \$39,091 and \$36,244, respectively.

**In-Kind Contributions**

Contributed items are recorded at fair value at the date of donation. In-kind contributions received consisted of the following for the years ending June 30, 2016 and 2015:

	2016	2015
Coats and Boots	\$ 5,190	\$ 8,995
Food	23,007	25,874
School Supplies	9,815	11,458
Silent Auction Items	22,910	18,595
Toys	3,480	25,820
Electric Wheelchair	6,000	6,000
Total In-Kind Donations	<u>\$ 70,402</u>	<u>\$ 96,742</u>

**Designation Processing and Standard M Compliance**

United Way of Douglas & Pope Counties follows Standard M, issued by United Way Worldwide in 2004 to ensure uniformity of designation processing across the entire United Way system. This standard requires that designations paid to other charitable organizations are charged no more than the actual cost incurred to process and transfer gifts and that no additional processing fees will be charged against designations received from other United Way chapters.

**Endowment Fund**

The Organization has funds invested with West Central Initiative, a non-profit agency that specializes in assisting local communities with development and economic growth. The fund was originally set up by the Board of Directors for contributions by individuals to create sustained changes in community conditions to improve lives.

This fund is reported at fair value based upon quoted market rates in the statement of financial position. Unrealized gains and losses reflect changes in market values of investments from the prior year and are included in the statement of activities. Investment income and gains and losses on investments are reported as increases or decreases in unrestricted net assets. The Organization's risk with respect to such investment is limited to its capital balance in the fund.

**Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 5, 2016, the date the financial statements were available to be issued.



**UNITED WAY OF DOUGLAS & POPE COUNTIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 2 TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	2016	2015
Purpose Restrictions		
Backpack Attack - Osakis	\$ 2,460	\$ -
Child Hunger	9,472	10,319
Coats and Mittens	40	40
Culture of Poverty	1,764	1,764
Day of Caring	1,974	-
Dolly Parton Imagination Library - Ashby	14,274	13,587
Dolly Parton Imagination Library - Todd County	657	468
Education Initiative - Daycare	513	513
Emergency Fund	11,922	10,150
Food Backpack	13,817	10,275
General Community Impact Fund	6,991	3,947
Half Pint Milk	3,273	3,499
Heat A Home	172	-
Homeless to Housed	25,501	38,936
Leave a Legacy	1,527	1,815
Mobile Food Drop - Douglas County	4,883	2,559
Mobile Food Drop - Pope County	2,000	-
Power of Women	667	200
Stuff the Bus	1,437	-
Toys for Tots	1,061	374
Traveling Tree House	1,992	-
Total Temporarily Restricted Net Assets	\$ 106,397	\$ 98,446

**NOTE 3 NET ASSETS RELEASED FROM RESTRICTION**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or time specified by the donors as follows for the years ending June 30, 2016 and 2015:

	2016	2015
Purpose Restrictions	\$ 97,923	\$ 151,974
Total Released Temporarily Restricted Net Assets	\$ 97,923	\$ 151,974

**NOTE 4 BOARD DESIGNATED NET ASSETS**

The board has an emergency fund established, which is to be used as a cushion to have funds available to help agencies in need in the event of a disaster, to start up the next campaign and to make sure the Organization has enough funds to staff and operate the office. These funds are maintained in a separate bank account. As of June 30, 2016 and 2015, the balance was \$101,500 and \$76,500, respectively. Also included in the board designated funds as of June 30, 2016 is \$25,000 endowment fund, which is maintained with West Central Initiative to be used in accordance with the Organization's tax exempt purpose.

**UNITED WAY OF DOUGLAS & POPE COUNTIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 5 OPERATING LEASES**

On January 15, 2013, the Organization entered into a lease agreement for their relocated office in Alexandria, Minnesota for a ten year term commencing April 1, 2013 and terminating March 31, 2023. Under the terms of this new lease, monthly lease payments of \$1,833 are required for the period from April 1, 2013 through March 31, 2018, and monthly lease payments of \$1,917 are required for the period from April 1, 2018 through March 31, 2023. The organization pays for its own garbage removal, telephone and internet services and the landlord pays for all other costs including utilities and property taxes.

Rent expense for the years ended June 30, 2016 and 2015 was \$21,996 and \$21,996, respectively. Future minimum lease payments are as follows:

<u>Years Ended June 30,</u>	<u>Amount</u>
2017	\$ 21,996
2018	22,248
2019	23,004
2020	23,004
2021	23,004
2022-2023	40,257
<b>TOTAL</b>	<b>\$ 153,513</b>

The Organization entered into an operating lease agreement for a copier on January 1, 2016. This lease agreement requires monthly payment of \$352 for 60 months. Future minimum lease obligations are as follows:

<u>Years Ended June 30,</u>	<u>Amount</u>
2017	\$ 2,056
2018	4,111
2019	4,111
2020	4,111
2021	2,056
<b>TOTAL</b>	<b>\$ 16,445</b>

**AS LESSOR**

The Organization has a month to month operating lease agreement with an unaffiliated lessee to rent out part of the Organization's office space. Future minimum rent receivable for the year ended 2017 is \$4,800.

**UNITED WAY OF DOUGLAS & POPE COUNTIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 6 FAIR VALUE MEASUREMENTS**

The Organization categorizes its assets and liabilities measured at fair value into a three level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation technique as follows:

- Level 1 – Quoted prices in active markets for identical assets.
- Level 2 – Significant other observable inputs in less active markets for assets.
- Level 3 – Significant unobservable inputs.

The Organization's investments at fair value, which is solely comprised of West Central Initiative Fund, as of June 30, 2016 and 2015:

	2016			Total
	Level 1	Level 2	Level 3	
West Central Initiative Endowment Fund	\$ 25,000	\$ -	\$ -	\$ 25,000
	2015			
	Level 1	Level 2	Level 3	Total
West Central Initiative Endowment Fund	\$ -	\$ -	\$ -	\$ -

**NOTE 7 ENDOWMENT FUND**

During fiscal year 2016, the organizations endowment fund consists of one fund established with West Central Initiative, which was established to use funds in accordance with the United Way of Douglas and Pope Counties tax exempt purpose.

Endowment net assets composition by type of fund as of June 30, 2016, is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-Designated Endowment Fund	\$ 25,000	\$ -	\$ -	\$ 25,000

Changes in endowment net assets for the fiscal year end June 30, 2016, is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, July 1, 2015	\$ -	\$ -	\$ -	\$ -
Contributions	25,000	-	-	25,000
Endowment Net Assets, June 30, 2016	\$ 25,000	\$ -	\$ -	\$ 25,000

**UNITED WAY OF DOUGLAS & POPE COUNTIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 7    ENDOWMENT FUND (CONTINUED)**

**Investment Objectives and Strategies**

As approved by the Board of Directors, the Organization's endowment funds are invested in a Vanguard Balanced Income and Asset Growth investment strategy held and managed by West Central Initiative according to their investment policies. The Organization has selected an investment strategy with West Central Initiative with the objective to provide a consistent investment return on assets, preserve capital and the purchasing power of the endowment assets, while providing a funding stream to support endowment programs. The Organization reviews the investment strategies offered by West Central Initiative on an annual basis. Distributions of endowment funds are subject to approval by the Board of Directors. Distributions of endowment funds with restricted use are made in accordance with the terms of the gift instrument.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

## **SUPPLEMENTARY INFORMATION**



**UNITED WAY OF DOUGLAS & POPE COUNTIES  
SCHEDULE OF NET FUNDS DISTRIBUTED  
FOR THE YEARS ENDED JUNE 30, 2016**

<b>AGENCY ALLOCATIONS</b>	2016	2015
Alexandria Area YMCA	\$ 6,500	\$ 4,550
Alexandria Area Uncompensated Care	5,000	7,200
Alexandria Family School	16,150	13,600
Alexandria Literacy Project	5,600	5,510
Boy Scouts of America - Northern Lights Council	3,500	3,250
Brandon, Ashby, Evansville ECFE and Learning Readiness	4,000	3,600
Catholic Charities Foster Grandparent Program-Douglas	2,800	2,800
Catholic Charities Foster Grandparent Program-Pope	1,400	1,400
Community Education/Mentoring Program	14,000	9,450
Community Education/Summer Club	5,040	3,870
Confidence Learning Center - Get Fit	3,000	-
Elder Network	12,000	10,800
Girl Scouts of Minnesota and Wisconsin	3,250	3,250
Lakes Area Recreation	9,000	7,000
Legal Services of NW MN	11,400	11,400
Legal Services - Pope	1,900	1,900
Lutheran Social Services - Counseling	15,000	15,000
Lutheran Social Services - In Home Family	8,640	8,640
Lutheran Social Services - Parenting	11,200	11,200
Minnewaska Early Childhood Family Education	8,000	6,000
Miracle Horse Riders	-	7,000
North Country Food Bank - Douglas	22,825	17,000
North Country Food Bank - Pope	4,855	4,855
Osakis Early Childhood Family Education	3,000	2,100
Osakis Public School - P4T	1,266	-
Salvation Army of Douglas County	10,000	9,900
Salvation Army of Pope County	3,000	2,700
School District 206 - At Risk	13,000	11,700
School District 206 - SLAM	5,500	-
Someplace Safe - Domestic Violence - Douglas	8,800	8,800
Someplace Safe - Domestic Violence & Sexual Assault - Pope	5,000	3,500
Someplace Safe - Parenting - Pope	5,000	3,500
Someplace Safe - Sexual Assault - Douglas	8,000	6,400
TePPAC	-	5,600
UCAN	1,000	1,000
Village Family Service Center - Counseling	20,000	15,300
Windmill Project- Douglas	5,000	4,000
WCMCA - Plus Kids*	23,400	23,400
WCMCA - Transitional Housing	9,000	9,000
WCMCA-Cooking Matters - Douglas	2,600	2,000
WCMCA-Cooking Matters - Pope	2,000	1,800
Total Agency Allocations	\$ 300,626	\$ 269,975

**UNITED WAY OF DOUGLAS & POPE COUNTIES**  
**SCHEDULE OF TEMPORARILY RESTRICTED NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

Community Impact Program	6/30/2015	Temporarily Restricted Contributions	Funded by Unrestricted Contributions	Program Expenses	6/30/2016
Backpack Attack - Osakis	\$ -	\$ 2,460	\$ -	\$ -	\$ 2,460
Day of Caring	-	3,150	-	1,176	1,974
Child Hunger	10,318	13,342	-	14,189	9,471
Coats & Mittens	40	-	-	-	40
Culture of Poverty	1,764	-	-	-	1,764
Day of Caring	-	-	-	-	-
Dolly Parton - Douglas	-	3,648	26,017	29,665	-
Dolly Parton - Grant/Ottertail	13,587	1,172	-	485	14,274
Dolly Parton - Pope	-	-	7,964	7,964	-
Dolly Parton - Todd	468	189	-	-	657
Education Initiative-Daycare	512	-	-	-	512
Emergency Fund	10,150	2,247	-	475	11,922
Food Backpack	10,275	10,635	-	7,093	13,817
General Community Impact Fund	3,947	6,025	-	2,981	6,991
Half Pint Milk	3,499	1,226	-	1,452	3,273
Heat a Home	-	172	-	-	172
Homeless to Housed /House Keys	38,936	-	-	13,435	25,501
Leave a Legacy	1,815	-	-	288	1,527
Mobile Food Drop - Douglas	2,559	35,545	-	33,221	4,883
Mobile Food Drop - Pope	-	2,000	-	-	2,000
Power of Women	200	3,240	-	2,773	667
Santa for Senior	-	-	-	-	-
Stuff the Bus	-	2,398	-	961	1,437
Toys for Tots	376	4,754	-	4,070	1,060
Traveling Tree House	-	13,671	-	11,676	1,995
Youth as Resources	-	-	4,652	4,652	-
Totals	<u>\$ 98,446</u>	<u>\$ 105,874</u>	<u>\$ 38,633</u>	<u>\$ 136,556</u>	<u>\$ 106,397</u>