

**UNITED WAY OF DOUGLAS & POPE COUNTIES**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2017 AND 2016**

**UNITED WAY OF DOUGLAS & POPE COUNTIES  
TABLE OF CONTENTS  
YEARS ENDED JUNE 30, 2017 AND 2016**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENTS OF FINANCIAL POSITION</b>	<b>3</b>
<b>STATEMENTS OF ACTIVITIES</b>	<b>4</b>
<b>STATEMENTS OF FUNCTIONAL EXPENSES</b>	<b>6</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>8</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>9</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>SCHEDULES OF NET FUNDS DISTRIBUTED</b>	<b>17</b>
<b>SCHEDULE OF TEMPORARILY RESTRICTED NET ASSETS</b>	<b>18</b>



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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, 2017 and 2016, 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.

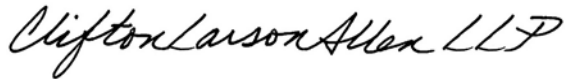
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***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, 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.

**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  
September 19, 2017

**UNITED WAY OF DOUGLAS & POPE COUNTIES**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2017 AND 2016**

	2017	2016
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 429,757	\$ 441,436
Certificates of Deposit	10,400	10,379
Pledges Receivable, Net	166,701	183,732
Accounts Receivable	9,305	2,235
Prepaid Expenses	1,833	1,833
Inventory	13,727	8,868
Total Current Assets	631,723	648,483
<b>EQUIPMENT</b>		
Equipment	47,605	49,425
Less: Accumulated Depreciation	(32,786)	(30,608)
Total Equipment	14,819	18,817
<b>OTHER ASSETS</b>		
Endowment Fund	44,132	25,000
Total Assets	\$ 690,674	\$ 692,300
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 2,546	\$ 11,002
Accrued Liabilities	14,609	17,337
Allocations Payable	303,340	300,626
Fiscal Accounts	69,969	67,991
Donor Designations Payable	14,514	9,981
Total Current Liabilities	404,978	406,937
<b>NET ASSETS</b>		
Unrestricted		
Board Designated	110,127	101,500
Undesignated	55,762	77,466
Total Unrestricted Net Assets	165,889	178,966
Temporarily Restricted	109,807	106,397
Permanently Restricted	10,000	-
Total Net Assets	285,696	285,363
Total Liabilities and Net Assets	\$ 690,674	\$ 692,300

See accompanying Notes to Financial Statements.

**UNITED WAY OF DOUGLAS & POPE COUNTIES**  
**STATEMENT OF ACTIVITY**  
**YEAR ENDED JUNE 30, 2017**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUE AND SUPPORT</b>				
Gross Campaign Results 2016/2017	\$ 621,741	\$ 133,910	\$ -	\$ 755,651
Less Donor Designations	(14,774)	-	-	(14,774)
Less Uncollectible Pledges	(21,734)	-	-	(21,734)
Net Campaign Revenue 2016/2017	585,233	133,910	-	719,143
In-Kind Donations	93,096	-	-	93,096
Donated Services	14,760	-	-	14,760
Special Events	43,456	-	-	43,456
Endowment	-	-	10,000	10,000
Interest Income	750	-	-	750
Rent Income	3,360	-	-	3,360
Fee Income	5,656	-	-	5,656
Unrealized Gain on Endowment	1,724	505	-	2,229
Net Assets Released from Restrictions	131,005	(131,005)	-	-
Total Revenue and Other Support	879,040	3,410	10,000	892,450
<b>EXPENSES</b>				
Program Services				
Agency Allocations	318,114	-	-	318,114
Less Donor Designations	(14,774)	-	-	(14,774)
Net Agency Allocations	303,340	-	-	303,340
Other Allocations and Agency Relations	35,745	-	-	35,745
Total Allocations and Agency Relations	339,085	-	-	339,085
Community Impact	400,234	-	-	400,234
Total Program Services	739,319	-	-	739,319
Support Services				
Fundraising	88,255	-	-	88,255
Management and General	64,543	-	-	64,543
Total Support Services	152,798	-	-	152,798
Total Expenses	892,117	-	-	892,117
<b>CHANGE IN NET ASSETS</b>	(13,077)	3,410	10,000	333
Net Assets - Beginning of Year	178,966	106,397	-	285,363
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 165,889</u>	<u>\$ 109,807</u>	<u>\$ 10,000</u>	<u>\$ 285,696</u>

See accompanying Notes to Financial Statements.

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<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	<u>577,421</u>	<u>105,874</u>	<u>683,295</u>
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	<u>97,923</u>	<u>(97,923)</u>	<u>-</u>
Total Revenue and Other Support	<u>811,219</u>	<u>7,951</u>	<u>819,170</u>
<b>EXPENSES</b>			
Program Services			
Agency Allocations	310,737	-	310,737
Less Donor Designations	(10,111)	-	(10,111)
Net Agency Allocations	<u>300,626</u>	<u>-</u>	<u>300,626</u>
Other Allocations and Agency Relations	<u>34,046</u>	<u>-</u>	<u>34,046</u>
Total Allocations and Agency Relations	<u>334,672</u>	<u>-</u>	<u>334,672</u>
Community Impact	<u>344,986</u>	<u>-</u>	<u>344,986</u>
Total Program Services	<u>679,658</u>	<u>-</u>	<u>679,658</u>
Support Services			
Fundraising	91,172	-	91,172
Management and General	<u>52,411</u>	<u>-</u>	<u>52,411</u>
Total Supportive Services	<u>143,583</u>	<u>-</u>	<u>143,583</u>
Total Expenses	<u>823,241</u>	<u>-</u>	<u>823,241</u>
<b>CHANGE IN NET ASSETS</b>	(12,022)	7,951	(4,071)
Net Assets - Beginning of Year	<u>190,988</u>	<u>98,446</u>	<u>289,434</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 178,966</u>	<u>\$ 106,397</u>	<u>\$ 285,363</u>

**UNITED WAY OF DOUGLAS & POPE COUNTIES**  
**STATEMENT OF FUNCTIONAL EXPENSE**  
**YEAR ENDED JUNE 30, 2017**

	Program Services		Support Services		Totals
	Community Impact	Allocations and Agency Relations	Fund-Raising	Management and General	
Agency Allocations	\$ -	\$ 303,340	\$ -	\$ -	\$ 303,340
Community Impact Program Expenses	219,461	-	-	-	219,461
Board and Staff Development	2,517	839	419	419	4,194
Salaries and Payroll Taxes	97,188	17,670	55,220	50,802	220,880
Telephone	1,135	402	87	122	1,746
Printing	2,600	821	1,004	137	4,562
Supplies	4,030	1,791	1,343	299	7,463
Postage and Shipping	254	27	51	7	339
Professional Fees	23,812	-	-	5,227	29,039
Dues and Subscriptions	1,390	632	-	506	2,528
United Way of America Dues	1,826	1,828	1,828	1,828	7,310
Insurance	2,009	619	619	619	3,866
Depreciation	3,398	200	200	200	3,998
Rent	13,801	2,379	4,283	3,331	23,794
Travel	2,092	150	598	150	2,990
Special Events	-	-	17,012	-	17,012
Bank and Credit Card Fees	-	-	-	896	896
Advertising	13,979	8,387	5,591	-	27,957
Repairs and Maintenance	1,790	-	-	-	1,790
Miscellaneous	3,235	-	-	-	3,235
Licenses	5,717	-	-	-	5,717
<b>Total Functional Expenses</b>	<b>\$ 400,234</b>	<b>\$ 339,085</b>	<b>\$ 88,255</b>	<b>\$ 64,543</b>	<b>\$ 892,117</b>

See accompanying Notes to Financial Statements.



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

	<u>Program Services</u>		<u>Support Services</u>		<u>Totals</u>
	<u>Community Impact</u>	<u>Allocations and Agency Relations</u>	<u>Fund-Raising</u>	<u>Management and General</u>	
Agency Allocations	\$ -	\$ 300,626	\$ -	\$ -	\$ 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 Functional Expenses</b>	<b><u>\$ 344,986</u></b>	<b><u>\$ 334,672</u></b>	<b><u>\$ 91,172</u></b>	<b><u>\$ 52,411</u></b>	<b><u>\$ 823,241</u></b>

See accompanying Notes to Financial Statements.

**UNITED WAY OF DOUGLAS & POPE COUNTIES**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2017 AND 2016**

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Collected:		
Cash Received from Annual Campaign	\$ 788,216	\$ 728,507
Cash Received from Investment Income	729	575
Cash Received from Rental Income	3,360	2,940
Cash Payments:		
Cash Paid to Allocations	(300,626)	(269,975)
Cash Paid to Community Impact	(126,365)	(126,061)
Cash Paid to Special Events	(17,012)	(14,071)
Cash Paid to Employees, Occupancy, and Supplies	(343,078)	(276,313)
Net Cash Provided by Operating Activities	5,224	45,602
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Fixed Assets	-	(730)
Contribution to Endowment Fund	(16,903)	(25,000)
Net Cash Used by Investing Activities	(16,903)	(25,730)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(11,679)	19,872
Cash and Cash Equivalents - Beginning of Year	441,436	421,564
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 429,757</b>	<b>\$ 441,436</b>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 333	\$ (4,071)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	3,998	6,668
Unrealized Gain on Investments	(2,229)	-
(Increase) Decrease in Current Assets		
Certificate of Deposit Accrued Interest	(21)	(25)
Pledges Receivable	17,031	6,162
Accounts Receivable	(7,070)	(1,430)
Inventory	(4,859)	7,380
Increase (Decrease) in Current Liabilities		
Accounts Payable	(8,456)	10,312
Accrued Liabilities	(2,728)	(3,246)
Allocations Payable	2,714	30,651
Fiscal Accounts	1,978	(3,288)
Donor Designations Payable	4,533	(3,511)
Net Cash Provided by Operating Activities	\$ 5,224	\$ 45,602

See accompanying Notes to Financial Statements.

**UNITED WAY OF DOUGLAS & POPE COUNTIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Business Activity**

United Way of Douglas & Pope Counties (the Organization) is a nonprofit 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 accounting principles generally accepted in the United States of America.

**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. Permanently restricted net assets totaled \$10,000 and \$-0- for the years ending June 30, 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. 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, 2017 AND 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, 2017 and 2016 consist of the following:

	2017	2016
Cash in Checking	\$ 174,103	\$ 161,372
Cash in Savings and Money Market	255,654	280,064
Total Cash and Cash Equivalents	\$ 429,757	\$ 441,436

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, 2017 and 2016, cash deposits exceeded FDIC limits by \$-0-. 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, 2017 and 2016 was \$3,998 and \$6,668, respectively.

**Pledges Receivable**

Unconditional promises to give, less an uncollectible allowance of \$19,000 for June 30, 2017 and 2016, 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, 2017 AND 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, 2017 and 2016.

**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, 2017 and 2016:

	2017	2016
Audit Services	\$ 9,560	\$ 9,750
Advertising	4,500	11,000
Other Services	700	700
Total Donated Services	<u>\$ 14,760</u>	<u>\$ 21,450</u>

In addition, over 3,000 volunteer hours were provided to the Organization for their program services during the years ending June 30, 2017 and 2016 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, 2017 AND 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, 2017 and 2016 are \$27,957 and \$39,091, 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, 2017 and 2016:

	2017	2016
Coats and Boots	\$ 5,585	\$ 5,190
Food	27,636	23,007
School Supplies	18,324	9,815
Silent Auction Items	36,231	22,910
Toys	5,320	3,480
Electric Wheelchair	-	6,000
Total In-Kind Donations	\$ 93,096	\$ 70,402

**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 nonprofit 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 or temporarily restricted 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 September 19, 2017, the date the financial statements were available to be issued.

**UNITED WAY OF DOUGLAS & POPE COUNTIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

**NOTE 2 TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	2017	2016
Purpose Restrictions		
Backpack Attack - Douglas	\$ 28,263	\$ 9,472
Backpack Attack - Osakis	6,588	2,460
Backpack Attack - Pope	17,621	13,817
Coats & Mittens	-	40
Community Impact Partnership	5,000	-
Culture of Poverty	1,764	1,764
Day of Caring	1,133	1,974
Dolly Parton Imagination Library - Ashby	14,308	14,274
Dolly Parton Imagination Library - Todd	1,777	657
Emergency Fund	10,307	11,922
Education Initiative - Daycare	513	513
General Community Impact Fund	1,172	6,991
Half Pint Milk	2,727	3,273
Heat a Home	172	172
Homeless to Housed	-	25,501
Leave a Legacy	1,179	1,527
Mobile Food Drop - Douglas County	422	4,883
Mobile Food Drop - Pope County	5,750	2,000
Power of Women	1,683	667
Stuff the Bus	1,618	1,437
Toys for Tots	2,072	1,061
Traveling Tree House	5,233	1,992
Earnings on Endowment	505	-
Total Temporarily Restricted Net Assets	\$ 109,807	\$ 106,397

**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, 2017 and 2016:

	2017	2016
Purpose Restrictions	\$ 131,005	\$ 97,923
Total Released Temporarily Restricted Net Assets	\$ 131,005	\$ 97,923

**UNITED WAY OF DOUGLAS & POPE COUNTIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

**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. For both the years ended June 30, 2017 and 2016, the balance was \$76,500. Also included in the board designated funds as of June 30, 2017 and 2016 is a portion of the endowment fund, which totaled \$33,627 and \$25,000, respectively. The endowment fund is maintained with West Central Initiative to be used in accordance with the Organization's tax-exempt purpose.

**NOTE 5 OPERATING LEASES**

On January 15, 2013, the Organization entered into a lease agreement for their relocated office in Alexandria, Minnesota for a 10-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, 2017 and 2016 was \$22,649 and \$21,996, respectively. Future minimum lease payments are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2018	\$ 22,248
2019	23,004
2020	23,004
2021	23,004
2022	23,004
2022-2023	17,253
Total	<u>\$ 131,517</u>

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>Year Ended June 30,</u>	<u>Amount</u>
2018	\$ 4,111
2019	4,111
2020	4,111
2021	2,056
Total	<u>\$ 14,389</u>



**UNITED WAY OF DOUGLAS & POPE COUNTIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 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, 2017 and 2016:

	2017			
	Level 1	Level 2	Level 3	Total
West Central Initiative Endowment Fund	\$ 44,132	\$ -	\$ -	\$ 44,132

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

**NOTE 7 ENDOWMENT FUND**

During fiscal year 2017, 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, 2017 and 2016, is as follows:

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-Designated Endowment Fund	\$ 33,627	\$ 505	\$ 10,000	\$ 44,132

	2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Board-Designated Endowment Fund	\$ 25,000	\$ -	\$ -	\$ 25,000

**UNITED WAY OF DOUGLAS & POPE COUNTIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

**NOTE 7    ENDOWMENT FUND (CONTINUED)**

Changes in endowment net assets for the fiscal year end June 30, 2017, is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets, July 1, 2015	\$ -	\$ -	\$ -	\$ -
Contributions	25,000	-	-	25,000
Endowment Net Assets, June 30, 2016	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,000</u>
Endowment Net Assets, July 1, 2016	\$ 25,000	\$ -	\$ -	\$ 25,000
Contributions	6,903	-	10,000	16,903
Unrealized Gain on Endowment	1,724	505	-	2,229
Endowment Net Assets, June 30, 2017	<u>\$ 33,627</u>	<u>\$ 505</u>	<u>\$ 10,000</u>	<u>\$ 44,132</u>

**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.

**UNITED WAY OF DOUGLAS & POPE COUNTIES  
SCHEDULES OF NET FUNDS DISTRIBUTED  
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016  
(SEE INDEPENDENT AUDITORS' REPORT)**

<b>AGENCY ALLOCATIONS</b>	<u>2017</u>	<u>2016</u>
Alexandria Area YMCA	\$ 5,000	\$ 6,500
Alexandria Area Uncompensated Care	6,000	5,000
Alexandria Family School	13,000	16,150
Alexandria Literacy Project	5,600	5,600
Boy Scouts of America - Northern Lights Council	3,000	3,500
Brandon Evansville ECFE	4,000	4,000
Catholic Charities Foster Grandparent Program-Douglas	2,800	2,800
Catholic Charities Foster Grandparent Program-Pope	1,400	1,400
Community Education/Mentoring Program	11,000	14,000
Community Education/Summer Club	4,000	5,040
Confidence Learning Center - Get Fit	-	3,000
Elder Network	10,000	12,000
Girl Scouts of Minnesota and Wisconsin	3,000	3,250
Junior Achievement	2,000	-
Lakes Area Recreation	9,000	9,000
Legal Services of NW MN	14,500	11,400
Legal Services - Pope	-	1,900
Lutheran Social Services - Counseling	18,000	15,000
Lutheran Social Services - In Home Family	8,640	8,640
Lutheran Social Services - Parenting	10,200	11,200
Minnewaska Early Childhood Family Education	8,000	8,000
Miracle Horse Riders	4,000	-
North Country Food Bank - Douglas	24,000	22,825
North Country Food Bank - Pope	5,000	4,855
Osakis Early Childhood Family Education	3,000	3,000
Osakis Public School - P4T	1,200	1,266
Outreach Food Shelf	4,000	-
Salvation Army of Douglas County	10,000	10,000
Salvation Army of Pope County	3,000	3,000
Discovery Middle School - Study Skills	12,000	13,000
Alexandria Public Schools - SLAM	5,500	5,500
Someplace Safe - Domestic Violence & Sexual Assault - Douglas	18,000	16,800
Someplace Safe - Domestic Violence & Sexual Assault - Pope	6,000	5,000
Someplace Safe - Parenting - Pope	6,000	5,000
UCAN	500	1,000
Village Family Service Center - Counseling	20,000	20,000
Windmill Project- Douglas	5,000	5,000
WCMCA - Plus Kids	25,000	23,400
WCMCA-Cooking Matters - Douglas	1,600	2,600
WCMCA-Cooking Matters - Pope	1,400	2,000
WCMCA - Transitional Housing	9,000	9,000
	<u>303,340</u>	<u>300,626</u>
Total Agency Allocations	<u>\$ 303,340</u>	<u>\$ 300,626</u>

**UNITED WAY OF DOUGLAS & POPE COUNTIES**  
**SCHEDULE OF TEMPORARILY RESTRICTED NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

Community Impact Program	6/30/2016	Temporarily Restricted Contributions	Temporarily Restricted Earnings	Funded by Unrestricted Contributions	Program Expenses	Released from Restriction	6/30/2017
Backpack Attack - Douglas	\$ 9,472	\$ 43,943	-	\$ -	\$ 25,152	\$ 25,152	\$ 28,263
Backpack Attack - Osakis	2,460	8,450	-	-	4,322	4,322	6,588
Backpack Attack - Pope	13,817	11,860	-	-	8,056	8,056	17,621
Coats & Mittens	40	-	-	73	113	40	-
Community Impact Partnership	-	5,000	-	-	-	-	5,000
Culture of Poverty	1,764	-	-	-	-	-	1,764
Day of Caring	1,974	2,200	-	-	3,041	3,041	1,133
Dolly Parton - Douglas	-	3,688	-	20,531	24,219	3,688	-
Dolly Parton - Grant/Ottertail	14,274	234	-	-	200	200	14,308
Dolly Parton - Pope	-	151	-	5,433	5,584	151	-
Dolly Parton - Todd	657	1,120	-	-	-	-	1,777
Education Initiative - Daycare	513	-	-	-	-	-	513
Emergency Fund	11,922	100	-	-	1,715	1,715	10,307
General Community Impact Fund	6,991	2,800	-	-	8,619	8,619	1,172
Half Pint Milk	3,273	702	-	-	1,248	1,248	2,727
Heat a Home	172	-	-	-	-	-	172
Homeless to Housed /House Keys	25,501	-	-	-	25,501	25,501	-
Leave a Legacy	1,527	-	-	-	348	348	1,179
Mobile Food Drop - Douglas	4,883	23,832	-	-	28,293	28,293	422
Mobile Food Drop - Pope	2,000	6,750	-	-	3,000	3,000	5,750
Power of Women	667	2,940	-	-	1,924	1,924	1,683
Stuff the Bus	1,437	1,793	-	-	1,612	1,612	1,618
Toys for Tots	1,061	1,500	-	-	489	489	2,072
Traveling Tree House	1,992	16,847	-	-	13,606	13,606	5,233
Youth as Resources	-	-	-	830	830	-	-
Earnings on Endowment	-	-	505	-	-	-	505
<b>Totals</b>	<b>\$ 106,397</b>	<b>\$ 133,910</b>	<b>\$ 505</b>	<b>\$ 26,867</b>	<b>\$ 157,872</b>	<b>\$ 131,005</b>	<b>\$ 109,807</b>